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NEWS SUMMARY

GENERAL

Price of petrol likely to rise 7p

The major oil companies are expected to increase the price of petrol next week by 7p or 8p a gallon, taking average pump charges to at least 163p.

Shell, Esso and BP, the market leaders, say they are being hard hit by the sharp fall in sterling against the dollar and the rapid rise of Rotterdam spot market prices. Back Page

Mother killed

Mother of three died in a Belfast hospital after allegedly being hit by a plastic bullet fired on Wednesday. Page 8; Toulouse bomb, Page 2

Paisley declines

Ulster Unionist leader Rev. Ian Paisley declined an invitation to the Royal Wedding because Cardinal Basil Hume is to take part in the ceremony.

Factories idle

Shortages of materials will make more than a third of Polish industry idle by early next year, said the Communist Party daily. Back Page; Arrests, Page 2

Lightning death

Twenty-year-old Wren Catherine Harris died soon after being struck by lightning at a naval air station Yeovilton in Somerset.

Air crash cause

Accident inquiry said locked elevators caused a Dan-Air 748 airliner to crash off the Shetlands two years ago, killing 17. Page 9

U.S. aid switch

The U.S., in a reversal of previous policy, will now back international loans to South American regimes often accused of violating human rights. Page 6

Axe for Guillotine

France's Socialist Government hopes to axe the guillotine with a draft law for abolition of the death penalty in October.

Suicide bid

Italian banker Robert Calvi, chief defendant in a currency fraud trial, was taken to hospital suffering from wrist injuries and a drugs overdose. Page 2

Madrid jailing

Two members of the left-wing group Grapo were jailed for 270 years each for killing nine in a Madrid bomb attack.

Casket sale

Thirteenth century Limoges casket, bought for a few pounds in a Glasgow junk shop last year, was sold at Sotheby's for £12,500. Page 8

Shergar offer

The Aga Khan is offering 34 one-fortieth shares at £250,000 each in Shergar, his double Derby winner. The offer values the colt at £10m. Racing, Page 16

McEnroe snub

Wimbledon champion John McEnroe will not receive the customary invitation to become a member of the All England Club because of his behaviour.

Briefly . . .

Picasso's Guernica may be returned to Madrid in October, said Spain's Culture Ministry.

Flash floods marooned 40,000 in the northern Indian state of Bihar.

Death toll in India's illicit liquor tragedy rose to 308.

Last Comet flew from Gatwick to RAF Bitteswell where it will be cut in half and used for training.

BUSINESS

Gilts up by 0.19; Sterling weaker

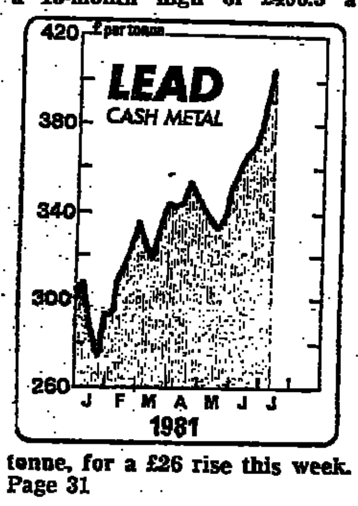
● GILTS were aided by the sell-out of the new index-linked issue. The Government Securities Index added 0.19 at 64.0. Page 32; Index-linked stocks sells out, Back Page

● EQUITIES were overshadowed by gilts. The FT 30-Share Index ended 3.4 lower at 519.0, partly because of Imperial Group's disappointing statement. Page 32

● DOLLAR weakened in quiet trading, with interest rates the dominant factor. It closed at DM 2.4645 (DM 2.475), FFr 5.8655 (FFr 5.868), SwFr 2.106 (SwFr 2.1145) and Y228.55 (Y229.25). Its Bank of England index rose to 111.1 (110.9). Page 25

● STERLING also lost ground. It shed 20 points at $1.8775, and finished lower at DM 4.63 (DM 4.65), FFr 11.01 (FFr 11.03), Y430 (Y431) and SwFr 3.955 (SwFr 3.975). Its trade-weighted index slipped to 92.9 from 93.5. Page 25

● LEAD prices jumped £10 to a 15-month high of £408.5 a



tonne, for a £26 rise this week. Page 31

● GOLD rose $8 to $406.5 in London. In New York the Comex July close was $411.5. Page 25

● WALL STREET was up 4 at 957.45 before the close. Page 30

Tax incentive move

TAX CHANGES to make the Government's proposed business start-up incentive more attractive were announced yesterday. Page 8; Lex, Back Page

● GOVERNMENT borrowing last month was £2.24bn, nearly £1bn up on June 1980, partly because of the civil servants' dispute, the Treasury said. Page 8

● JAPANESE CAR makers will try to limit their UK market share and bring commercial vehicle registrations below 17 per cent. Back Page; Protectionism Page 6

● BRITISH CALEDONIAN airline agreed a co-operation deal with Eastern Airlines of the U.S. which effectively combines their networks. Page 9

● CARPET makers found 1980 the "worst trading year in living memory," with sales volume down 16 per cent. Page 9

● SWISS inflation reached an annual level of 6.3 per cent last month, the highest since August 1975. Page 2

● ESSO-BHP plan to spend A$160m (£95m) on 30 oil and gas wells in a big exploration drive in the Gippsland basin, Bass Strait, over three and a half years. Page 28

● SOTHEBY Parke Bernet Group, the auctioneers, reported pre-tax profit for the half-year to February 28 down from £4.8m to £4.28m. Net auction sales were £145.6m (£114.7m). Page 20; Lex, Back Page

● MONTAGUE L. MEYER, softwood importer, reported a pre-tax loss for the year to March 31 of £2.7m, a downturn of £19m. Page 21; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchqr. 13¼pc '87...	£95	+ ¾
Treas. 2pc IL '96...	£93¼	+ ⅞
Berec	70	+ 6
Braithwaite	123	+ 8
Collins (Wm.)	238	+ 10
Fisons	142	+ 10
Memec	204	+ 10
Monk (A.)	52	+ 6
Candecca	198	+ 15
Anglo Amer. Gold...	£41¼	+ 2½
Anglo Utd. Devs.	90	+ 8
Buffels	£16¾	+ 1½
De Beers Dfd.	382	+ 12
Driefontein	£13¼	+ 1¼
Western Deep	£20¼	+ 1⅜
FALLS		
BAT Inds.	345	− 10
Bejam	125	− 5
Blue Circle	466	− 12
Boustead	152	− 6
Brit. Bldng. Eng.	68	− 6
Brown Jackson	50	− 6
Cornell Dresses	153	− 5
Davy Crpn.	177	− 8
Hall (Mathew)	200	− 8
Hawker Siddeley	318	− 10
Imperial Group	62½	− 5
Land Securities	386	− 6
Mercury Securities	248	− 11
Radiant Metal	58	− 5
Smith Inds.	355	− 8
Sonic Sound	108	− 7
Vinten	367	− 9
Emperor Mines	80	− 10
North Broken Hill	181	− 15
Silvermines	85	− 9

Government prepares urgent package to counter urban rioting

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT is preparing urgently a package of measures to counter the recent spate of urban rioting and to alleviate some of the underlying causes.

It proposals, some of which will be announced before Parliament rises for the summer recess, could include tougher riot control legislation, improved compensation payments for damage and more cash for deprived city centre areas.

The sharp change of emphasis in Government policy follows a lengthy meeting of a worried Cabinet yesterday which discussed the violence in Toxteth, Liverpool Moss Side, Manchester, and Southall, West London.

In the latest incident, at Moss Side, during Wednesday night, nearly 150 premises were attacked and a police station besieged by more than 1,000 black and white rioters.

Mr James Anderton, Manchester Chief Constable, said yesterday: "It was a form of guerrilla warfare, there is no other way to describe it. Hit and run tactics were employed not without organisation and control." Forty-six people were arrested and ten police officers injured.

There was evidence after the Cabinet meeting that a range of options under consideration, includes:

● The possibility of a new Riot Act as part of a review of public order legislation. This would allow police to break up mobs by ordering streets to be cleared.

● Improved riot equipment for the police. Modified helmets are already in use and Mrs Thatcher confirmed yesterday that the use of water cannon is under consideration.

● More help for deprived areas. No details have been decided and the Treasury is expected to oppose additional expenditure that is not based on savings elsewhere. Many ministers, however, believe much greater aid will have to be given to improve employment prospects, particularly among young people.

A plan is under consideration to appoint senior officials in deprived areas to speed up job training, housing renovation and industrial redevelopment schemes.

One definite piece of legislation in the next session of Parliament will permit tougher treatment of young offenders and the powers to make parents pay the fines of all children under 17.

A full-scale debate on the rioting and its consequences will be held in the Commons next Thursday. There were signs yesterday of a divide between Conservative MPs who favour tougher legislation against rioters, and Labour MPs, who blame much of the violence on the Government's economic policies.

Mrs Thatcher was frequently howled down in the Commons by Labour MPs when she denied unemployment was the primary cause of the rioting. She pointed out that many of the culprits were children of school age and she added that some of the areas where rioting had

Continued on Back Page
Liverpool recovery plans, Page 8;
Parliament, Page 10

OECD predicts delay in industrial recovery

BY ROBERT MAUTHNER IN PARIS

THE LONG-AWAITED economic recovery of the industrialised countries will be further delayed and is not now expected to gather pace until the second half of 1982, according to the 24-nation Organisation for Economic Co-operation and Development (OECD).

In its latest half-yearly Economic Outlook, the Paris-based secretariat emphasises the impact of record interest rate levels and substantial changes in exchange rates, which have led to the depreciation of European currencies by about 20 per cent against the U.S. dollar since the end of 1980.

Factors such as these, says the OECD, have caused the organisation to modify substantially the forecast it gave last December of a recovery in activity in the first half of this year.

Gross National Product growth in the OECD area as a whole is now expected to be only just over 1 per cent in 1981. There will be a steady pick-up of growth to 2 per cent at an annual rate in the first half of 1982 and 3 per cent in the second half, according to Dr Sylvia Ostry, the Canadian head of the organisation's Economics and Statistics Department.

As in the past, the organisation's predictions are based on the assumption that there will be economic policy changes, constant exchange rates, unchanged nominal oil prices until the end of 1981 and constant real prices thereafter.

That, as Dr Ostry recognises, makes the forecasts particularly hazardous and the OECD appears to have been more timid than usual in presenting its findings and policy recommendations.

The OECD secretariat expects a significant slackening in the powerful surge of the U.S. economy which showed at the beginning of this year. But the sluggish growth for the rest of 1981 and early 1982 is expected to revive to a modest rate of 2.5 per cent in the second half of next year.

In the four major European countries—West Germany, France, the UK and Italy—an average decline in output of some 1 per cent is expected in 1981, followed by a recovery to 2 to 3 per cent growth in 1982, helped by a depreciation-assisted boost to exports. The effects of improved competitiveness on imports and exports would be particularly evident in West Germany, Dr Ostry said.

Japan will continue to have the best growth profile of all the industrialised countries over the next 18 months. Japan's GNP is expected to grow by between 3 and 4 per cent until the middle of next year, rising to 5 per cent at an annual rate in the second half.

The most worrying aspect of the OECD's low growth forecasts is undoubtedly the continued deterioration in the employment situation. For the OECD area as a whole, unemployment is expected to rise from its present rate of just under 7 per cent of the labour force to nearly 7.5 per cent by the second half of 1982—representing an increase in the total number of jobless from 24m to more than 26m. Most of this rise will take place in Europe, where the rate may reach 9 per cent next year.

The unemployment rates of what the OECD describes as "relatively disadvantaged groups" will be even higher. Youth unemployment in some European countries may exceed 20 per cent by the end of 1982.

There are some bright spots in this generally sombre picture. As the effects of the second oil shock gradually subside, consumer price inflation is expected to drop from a peak of 10.5 per cent at the end of last year to about 8.5 per cent by the end of 1982 for the OECD as a whole. However, differences between individual countries will continue to be substantial, ranging from around 3.5 per cent in West Germany in the second half of 1982 to 15 per cent in Italy.

The balance of payments outlook is also more favourable. The current account deficit for the OECD area as a whole is expected to decline from an estimated level of more than $60bn (£32bn) this year to about $47bn next year. None of the major member countries should have a deficit much larger than $5bn in 1982.

Details, Page 3

GRIM OUTLOOK FOR UK JOBS

ONE IN five people in the UK aged under 25 is likely to be unemployed next year, the OECD warns in its latest assessment of the British economy.

This politically highly-charged forecast is accompanied by a generally gloomy view of the outlook for the next 18 months. Only a modest recovery in output is expected next year, unemployment is likely to continue to rise and the current account of the balance of payments is expected to move back into deficit. Back Page.

Lonrho plan for London evening newspaper

By John Moore

LONRHO, the International trading conglomerate, plans to start a London evening newspaper, to be printed on the presses of The Observer, Britain's oldest Sunday newspaper.

The group revealed its intentions as Mr John Biffen, the Trade Secretary, gave Lonrho final clearance for its acquisition of The Observer.

The new paper could take about six months to launch. It will be aimed at an up-market readership living and working in the inner London area.

Mr Roland "Tiny" Rowland, Lonrho's chief executive who is becoming Fleet Street's latest Press baron, said yesterday Lonrho had blocked a move earlier this year by The Observer to print The Guardian on its presses in the week because of Lonrho's own scheme for a London evening paper.

At a lunch at Claridges yesterday the formal clearance by the Trade Secretary for Lonrho's acquisition of The Observer was celebrated by 16 guests.

Mr Rowland, Lonrho executives, Mr Robert Anderson, the chairman of Atlantic Richfield which is the U.S. energy group selling The Observer, Observer management and senior editorial staff, were present.

The Trade Secretary laid down a series of conditions to safeguard editorial independence before he consented to the transfer of ownership of the paper to Lonrho. The formal conditions were based on those attached to the transfer of ownership of The Times and The Sunday Times to News International.

Under the conditions, five independent directors are to be appointed to the board. Four were named yesterday. Those

Continued on Back Page
Parliament, Page 10
Editorial Comment, Page 18

Imps sack chief as profits slide

BY CHRISTINE MOIR

IMPERIAL GROUP, the tobacco, brewing, food and hotels group, yesterday sacked Mr Malcolm Anson, its chairman, after he had spent barely a year in office, as it announced a drop in pre-tax profits for the six months to April from £70.7m to £29.7m.

The interim dividend is to be maintained, however, at 2.75p. Mr Geoffrey Kent, the new chairman, emphasised that current trading trends indicate a second half similar to last year's £58.3m.

Mr Kent takes the chair after three years as chairman of Courage, the brewing subsidiary, and 11 years with John Player, the tobacco division.

His mandate is to reverse Mr Anson's policy of decentralised management. "The time has come," Mr Kent said yesterday, "to change the balance towards a 'hands-on' style of management from the centre."

The boardroom change appeared to have come as a surprise even to Imperial's senior management. One executive said: "A lot of things happened today. I thought I was only coming to announce unpleasant results."

However, Mr Anson, who was not present to announce the financial results, left a written statement wishing his successor well. He leaves with a term of three years still to run at an annual salary of £100,000. Compensation will be paid to him.

Mr Kent confirmed fears expressed in March at the time of the annual meeting that the tobacco business had been hit by stiff competition and the 14p increase in tax imposed by the Budget.

At the trading level, tobacco profits crumbled from £49.6m to £26.1m. The group has lost about 2 percentage points of market share to 52 per cent, although John Player Special, the new brand which has cost £12m to promote, is now established as the UK's second largest selling cigarette.

Imperial bitterly attacked the Chancellor for the recent additional tax burden on tobacco, and confirmed that the cigarette market could be expected to fall by 12 per cent, and to stay down.

The company is to hold its own cigarette prices until August 5, although there were indications yesterday that the chairman had at one stage considered reviewing this decision.

Problems in eggs and poultry, acquired with the takeover of Eastwood for £38m in 1978, continue to be intractable. The food division's trading profits fell from £5.4m to £2.1m.

Prospects

The Howard Johnson restaurant and hotel group, acquired for £275m in June last year, was also disappointing, producing only £2.4m before financing costs. However, Mr Kent was confident that its prospects were now "substantially improving."

Brewing was the one bright spot. Trading profits rose from £19.6m to £23.1m as a result of improved margins on a volume increase of about 7 per cent during the period. Since April, however, the increase has dropped back to 4½ per cent.

Interest charges, which rose £13.4m to £37.7m while investment income dropped £5m to £12.3m, were factors relating to the Howard Johnson acquisition, the company said, and could return to balance in the second half.

Details and background, Page 20;
Lex, Back Page

£ in New York

	July 8	Previous
Spot	$1.8820-8835	$1.8965-8980
1 month	0.90-0.97 pm	1.08-1.15 pm
3 months	2.35-2.45 pm	2.50-2.60 pm
12 months	5.10-5.30 pm	5.50-5.70 pm

GLC to ban new office building

BY MICHAEL CASSELL

A NEAR-TOTAL ban on new office development throughout the London area has been approved by the Greater London Council (GLC) planning committee.

In a policy document which is expected to be adopted by the full GLC, the committee says that the council will no longer grant permission for further office development in central London. Neither will schemes be allowed in any other part of greater London deemed to be over-developed.

Talks with the London boroughs and other local groups are to be held to define those areas where further office schemes will be prevented.

The only exceptions to the new strategy will be allowed when developers can convince planners that there would be "over-riding gains," in the shape of office employment directly associated with manufacturing industry, or if public transport facilities or other public services are involved.

The GLC will not, however, have the final say. Developers whose plans are rejected will still be able to appeal to the Department of the Environment.

The new guidelines will hit hardest in the City and West End of London. Estate agents and developers were drawing parallels last night with the introduction in 1964 of Office Development Permits. Within two years, space shortages began to drive up rents and, by 1973, they had more than trebled.

Jones Lang Wootton, the estate agent and surveyor, said a shortage of central office accommodation could eventually arise because of the GLC guidelines. Developers or land owners with planning permission would see the value of their investments rise while there could be a further swing towards office development in centres outside London.

Demand for office space in central London is not strong at present but some large space users are about to make decisions over accommodation and could decide to go quickly for whatever schemes are already in the pipeline.

Mr Geoffrey Wilson, a director of Greycoat Estates—which is applying for planning permission for a 525,000 sq ft office scheme in the City and is involved in plans to develop offices at Coin Street on London's South Bank—said: "The plan is misconceived, will reduce job opportunities, hit construction work and force up rents.

"It will make the planning process even more tortuous, and will lead to a spate of planning inquiries."

The planning committee, headed by Mr Ed Gouge, aged 33, a planning lecturer at Chelmer Institute of Higher Education in Chelmsford, Essex, accuses the previous Conservative administration at County Hall of favouring speculation in "grandiose commercial development." He says speculative building has "no place in a socialist London."

The planning committee points out that new developments can lead to enormous financial gains for landowners and developers.

London's South Bank is described in the policy document as "a speculator's paradise," and the committee says it will stop the disposal of remaining publicly-owned land and buy more sites to provide homes and industrial jobs.

It also reaffirms its pledge to fight the office development plan put forward for the Coin Street area by Greycoat Commercial Estates. A public inquiry on the scheme has been postponed until September. Greycoat is pursuing a High Court action for its resumption

CONTENTS

For latest Share Index phone 01-246 8026

French state goes for power centres of industry

BY TERRY DODSWORTH IN PARIS

FOR SEVERAL weeks a debate has been raging in France on the size of the nationalised sector likely to result from the Government's programme. The announcement of the plans on Wednesday has not answered all the questions. But it has made it clear that the state will have a direct interest in virtually all the important manufacturing sectors—chemicals, aluminium, steel, glass, electronics, most of the electrical industry, a great deal of pharmaceuticals and public works.

Preliminary estimates put the combined turnover of these groups at about 30 per cent of the sales generated by French industry. *They employ 16 per* cent of the workforce engaged in manufacturing industry and account for about 15 per cent of productive investment. Counting the banks, also on the nationalisation "hit list," they were responsible for about 40 per cent of the market capitalisation of the Paris Bourse before the Socialists took office.

These figures are even more daunting when the present public sector is taken into account. Half the French motor industry (Renault) and a large proportion of aerospace manufacturing (Aerospatiale and the SNECMA engine concern) are already in Government hands. These companies, and even more particularly, the giant electricity, nuclear energy and railway corporations, already account for a huge proportion of France's capital investment each year. One calculation suggests that well over 70 per cent of the money being sunk into industry will from now on be through the nationalised groups.

These facts were received relatively calmly by the French yesterday—indeed with marked apathy among the public at large. This was partly because the news had already been largely discounted before it arrived on the Prime Minister's lips.

But the reaction also underlines the long tradition of government intervention in industry. Since the War, for example, French companies have lived under the constraints of price controls, and many ordinary citizens were not pleased to see them removed by the last liberalising administration.

The Government's action could have been marginally more ambitious, given its own pre-election promises. Without giving reasons, the insurance companies have been left out of nationalisation projects, along with small banks and Creusot-Loire, the steel and nuclear engineering company which belongs to the Empain-Schneider group.

Similarly, Peugeot was not mentioned, although the Socialist Party argued before the election that it would be necessary to take a blocking minority in the group to construct a nationally-planned motor industry.

In addition, the Government has sought to concentrate on the key company power centres as a means of gaining control without spreading the tentacles of the bureaucracy into every corner of industry. This means that only the parent company organisations in what are often extremely diffuse groups, will be nationalised.

Thus, for example, the big, quoted subsidiaries of CGE (CIT-Alcatel, the electronics company, and Alsthom-Atlantique, the heavy engineering group), will not be touched directly. Thomson-CSF, the electrical and electronics subsidiary of Thomson-Brandt, will be similarly treated.

Many details of the programme remain to be worked out before the autumn, when the Government is planning to present its Bill to Parliament. Among the most important of these, are:

● Compensation. The Prime Minister, M Pierre Mauroy, gave no clue as to how the Government would pay off shareholders in the companies taken over, except to say that they would receive "financially equitable" treatment.

Given the size of the shareholdings to be acquired, all over a short time-scale, the process will clearly require big financial resources. For this reason, there have been suggestions that shares might be exchanged for long-term government bonds with some form of index-linking. There is a precedent for this approach in the take-over in 1946 of Gaz de France — but the complex index-linking in that case has cost the corporation so heavily that it is unlikely to be repeated in that form.

Another suggestion was that the Government would be content with less than 100 per cent in the companies acquired, although M Mauroy gave no hint of this approach in his speech. Previous ministerial comments have assured shareholders that a "fair" price, based on the market rating of stock over a certain period, would be paid.

● The banks. Those to be taken over include private High Street groups such as Credit Commercial de France and Credit Industriel et Commercial as well as the big industrial banking groups of Paribas and Suez and the smaller *banques d'affaires* such as Banque Rothschild and Banque Worms.

Smaller regional banks are not to be nationalised, but it is not clear where the cut-off point will come; nor is it clear what would happen if one of these smaller banks grew into a bigger one.

For Paribas and Suez, M Mauroy indicated that any industrial interests not implicated in the general nationalisation programme would be sold off. This clearly raises questions not only of who would want these businesses, often taken over in distress because the banks saw recovery potential in them, but what the value of the parent groups will be without them. A large proportion of Paribas's and Suez's banking skills lies in their ability to take on companies in difficulty and do something with them; their industrial satellites are thus an important part of their business.

On the other hand, some of these manufacturing interests may be nationalised by the Government as part of its overall strategy. This could be the case, for example, with Creusot-Loire, indirectly controlled by Paribas, which is the leading shareholder in the Empain-Schneider group, Creusot's parent.

● Point of conflict. How will the nationalised companies, heavily centralised, be managed so as not to fall foul of the Government's plans to decentralise both politically and economically? M Maurey made great play with the notion of allowing the individual companies the utmost freedom in day-to-day management. But there will clearly need to be some nudges from the centre on strategic investment and employment questions.

The answer to this question probably lies in the rejuvenated national planning function, designed to set down an outline for economic development which will indicate the general lines open to industry.

This could clearly act as a brake on management. But it has been placed in the hands of M Michel Rocard, a political ally of the pragmatic M Mauroy, and fervently committed proponent of regional development and individual industrial responsibility. It will be up to him to make sure that the expansion of the state sector does not lead to what the French call the "bureaucratisation" of industry.

Employers' leader attacks nationalisation

THE FRENCH Government's nationalisation measures were described as "useless, costly and dangerous," by M Francois Ceyrac, head of the employers' association (Patronat) yesterday, Terry Dodsworth reports from Paris.

In a sweeping broadside on the plan, announced by M Pierre Mauroy, the Prime Minister on Wednesday, M Ceyrac said that it was an economic absurdity which totally lacked coherence.

"How can you insist on pluralism and competition in the credit system while giving the state a virtual monopoly of the banking system?" he asked.

M Ceyrac's vigorous attack was balanced by a serene response on the Paris Bourse, where shares rose by a little over 2 per cent. This reaction, however, must be seen against the heavy fall of about 30 per cent which has already occurred in the market, anticipating the Government action.

Some shares of the groups in line for nationalisation, which have suffered disproportionately in the fall, rose yesterday, although this may have been due to institutional investors buying largely for technical reasons — many unit trusts have to maintain a fixed level of French stocks in their portfolio.

Thomson-CSF, the quoted subsidiary of the Thomson-Brandt group, saw its shares rise by 9.3 per cent, possibly because the Government has made it clear that it will take over only parent companies and not affiliated concerns.

In contrast to the Bourse, the French franc came under renewed pressure in the Paris exchange market, with the dollar climbing to yet another record at FFr 5.852, and the D-Mark hardening from FFr 2.356 to FFr 2.378, close to its ceiling in the European Monetary System.

The trade unions gave the Government proposals predictably wide support. While the Communist-led CGT, France's biggest union, said it wanted an even more ambitious programme, however, most of the other organisations gave the measures a milder welcome.

Despite M Cheyrac's scathing criticism of the measures, he went on to stress that the Patronat would adopt a constructive attitude to the Government. "We are not in the opposition," he said.

Management would make sure that the Socialist Party was aware of industry's point of view, he added, going on to argue that it was not possible for companies to invest simply because the Government wanted them to.

The most cheerful response to the plan came from M Marcel (Dassault), the celebrated 89-year-old aircraft engineer, who has experienced nationalisation twice. "Now I can go on my holidays," he said after the nationalisation announcement, he listened to in his other capacity as a deputy at the National Assembly.

Commission backs wider role for European Parliament

By John Wyles in Strasbourg

A COALITION between the European Parliament and the European Commission in favour of developing a more influential role for the former and curbing the powers of the Council of Ministers emerged in Strasbourg yesterday.

The Commission is to produce proposals in the autumn for developing new consultation procedures with the Parliament which are expected to reflect points made in a number of reports passed by the Parliament yesterday. The reports and the debate on them reflect MEPs' evident and growing frustration at their lack of real influence on the broad range of Community policies.

The highlight of the debate has been a speech by Herr Willy Brandt, chairman of the West German Social Democratic Party and a member of the assembly. He attacked the failure of the Council of Ministers to move towards majority decision-making.

Speaking in English to underline his concern about excessive nationalism within the Community, Herr Brandt claimed that the EEC was stagnating because of the absence of majority decision-making.

The point was echoed yesterday by Mr Frans Andriessen speaking on behalf of the European Commission. The Council was too dominated by national interests, he said, and, as a result, the Community's institutional balance had been altered to the detriment of the Commission role.

The Commission itself was ready to offer its help to the Parliament without hesitation so that MEPs could exercise more effectively their control function, said Mr Andriessen.

Among other things, the reports endorsed by the Parliament yesterday urge member governments to make joint statements with the Parliament on Community issues and on foreign affairs. They also call for real consultation with the Parliament before Council decisions are taken and urge parliamentary participation in the appointment of the 14 members of the European Commission.

It is understood that the Commission's general support for greater parliamentary influence is being given only after some debate among Commissioners. Several Commissioners, and indeed some member governments, believe that the Parliament has proved too unwieldy and inconsistent to exercise a broader role.

Anti-Communist arrests threaten Polish peace

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S High Court has ordered the arrest of three members of KPN, the anti-Communist group, in a decision likely to provoke widespread protests on the eve of next week's party Congress.

The order covers Mr Leszek Moczulski, leader of the group, and two others who are being tried on charges of anti-state activities.

Mr Moczulski was originally arrested last autumn, but was freed on June 6 after a protest campaign organised by committees affiliated to Solidarity.

He has organised public meetings since his release, and the move may have been designed to show that the party leadership is in control.

The move, however, also threatens a social peace which is looking increasingly fragile. On the industrial front yesterday, about 6,000 workers at Lot, the Polish state airline, went on strike for four hours in support of a demand that the authorities recognise their choice as manager.

The issue of workers' control promises to become a battleground between the authorities and Solidarity. Yesterday's issue of the party newspaper Trybuna Ludu sharply criticised a recent article in the Solidarity weekly backing the movement.

On Wednesday, representatives of about 1,000 plants involved in the workers' control movement meeting in Gdansk supported the Lot employees. Yesterday, bus drivers in Bydgoszcz stopped work for two hours as part of a long-standing campaign to replace their manager, who is accused of corrupt practices.

The strikes come as the population grows dangerously restless as a result of shortages of food. In some areas, supplies are insufficient for rations.

In Kutno, a medium-sized town west of Warsaw, the local branch of Solidarity plan a protest next week in a bid to improve supplies. Next Wednesday, the day after the Congress opens, Solidarity plans a "march of the hungry." A strike alert has been declared for the following day.

Role of Poland's media defended

BY OUR WARSAW CORRESPONDENT

MR JOZEF KLASA, who was forced to resign recently as head of the Polish Communist Party's Press and radio department, has defended the role of the media since the strikes last summer in the latest issue of Polityca, a liberal weekly.

His article suggests that he is interested in making a bid to re-enter the party leadership. In effect, it challenges the position of Mr Stefan Olszowski, a hard-liner in the politburo who has overall responsibility for the media and whose future position could be one of the key issues at next week's special party congress.

Mr Klasa was compelled to resign after criticism at a central committee meeting following a public Soviet attack on the Polish leadership's policies.

The same issue of *Polityka* calls on the delegates to the congress to remember that "only a democratic partly will be able to stick to democratic rules in its dealings with Solidarity."

In its pre-congress issue, Rzeczywistoc, the hard-line weekly, admits that hard-liners will be in a minority at the meeting. It calls on the "working class left wing of the party, even though it is in an arithmetic minority. . . to struggle determinedly against all revisionist proposals to turn the party into a discussion club conditioned by the Right."

● Mr Wladyslaw Gomulka, the Polish party leader until 1970, has denied a long-standing story that he dissuaded Mr Nikita Khruschev, the then Soviet leader, from publicly placing the blame on Stalin for the 1940 Soviet massacre of Polish officers in Katyn. The denial comes in a letter to Mr Tadeusz Grabski, who has been set the task of apportioning the blame for the present crisis among the previous Polish leadership.

He also denies asking for Soviet military help to put down working class demonstrations in 1970 against food price rises which led to his fall. He confirms, however, that a Soviet letter dated December 18, 1970, told the then Polish leadership, as the strikes were in full swing, that "strengthening links with the working class cannot be achieved without the appropriate economic and political moves."

Both allegations were made in articles published in 1973 in Israel which were purported to be an account of conversations with Mr Gomulka. In his letter the former Polish leader charges that the articles were fabricated by Mr Edvard Gierek, his successor.

Inflation tops 6% in Switzerland

By John Wicks in Zurich

SWITZERLAND'S INFLATION rate last month returned to an annual level of 6.3 per cent, last reached in March and the highest since August, 1975.

The country's cost-of-living index has been affected by several factors in recent months. These have included rising interest rates, the fall of the Swiss franc against the U.S. dollar, dearer oil products and a general rise in wages. The increased cost of petrol and fuel oil alone contributed 0.5 per cent to the 6.3 per cent June-to-June inflation rate.

Government and independent economists expect inflation to remain high by Swiss standards. Consumer prices for goods and services could rise by an average 6 per cent this year.

In June alone, the index rose by 0.6 per cent, compared with 0.9 per cent the previous month, primarily because of dearer food.

● West German consumer prices were 5.5 per cent higher in June than in the same month a year earlier, writes Jonathan Carr in Bonn. This was slightly down from the annual rate of 5.6 per cent recorded in both April and May.

Despite the year-on-year fall, prices actually rose by 0.5 per cent from May to June against 0.4 per cent from April to May. There is, thus, no clear sign that inflation is on the wane. On the contrary, the continuing decline of the D-Mark against the U.S. dollar means an ever-increasing threat from imported inflation.

Toulouse blast damages bank

TOULOUSE—A powerful bomb badly damaged offices of the British-Ireland Bank in the centre of Toulouse early yesterday, police said. An inscription on a wall read "Self defence against all powers," the same sign found near the sites of previous explosions here after tension in Northern Ireland.

Agencies

Italian bank chief tries to commit suicide in jail

BY RUPERT CORNWELL IN ROME

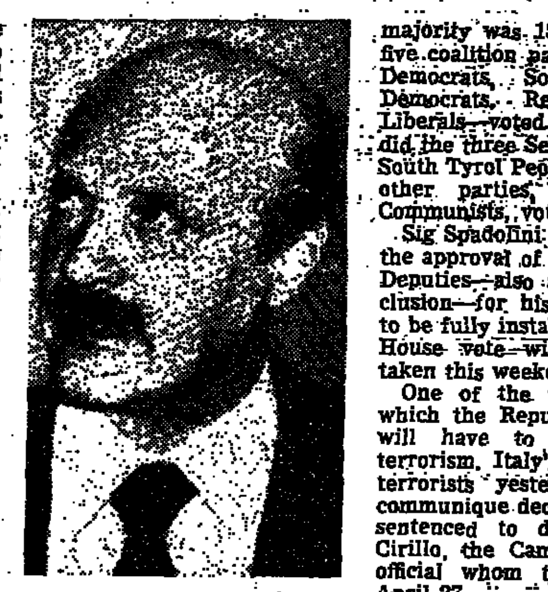
SIR ROBERTO CALVI, the president of Banco Ambrosiano who is being tried on illegal currency export charges, was last night in Lodi Hospital near Milan recovering from what appears to have been a suicide attempt early yesterday.

He was admitted to hospital yesterday morning, having taken, according to a defence lawyer, 90 barbiturate tablets during the night in the prison at Lodi where he has been held since his arrest on May 20.

"This was the desperate gesture of a man who has been jailed for seven weeks now," said Sig Giuseppe Prisco, the lawyer. "He believes that that is wrong, given that an arrest warrant is not compulsory for currency offences committed long ago."

The charges on which Sig Calvi and eight other leading financiers are being tried relate to allegedly irregular exports of foreign currency by La Centrale, a subsidiary of Banco Ambrosiano, in 1975 and 1976.

Doctors reported that Sig Calvi, one of the country's most powerful private bankers, would probably be discharged within a week. But the trial, which is entering its closing stages, will be held up for several days and is now unlikely to be concluded before July 22.



Sig Calvi . . . . recovering in hospital.

In Rome, meanwhile, the new government headed by Sig Giovanni Spadolini, Italy's first non-Christian Democrat Prime Minister in 35 years, comfortably won its vote of confidence in the Senate yesterday. The majority was 182 to 124. The five coalition parties—Christian Democrats, Socialists, Social Democrats, Republicans and Liberals—voted in favour, as did the three Senators from the South Tyrol People's Party. The other parties, including the Communists, voted against.

Sig Spadolini now needs only the approval of the Chamber of Deputies—also a foregone conclusion—for his administration to be fully installed. The Lower House vote will probably be taken this weekend.

One of the first difficulties which the Republican Premier will have to face will be terrorism. Italy's Red Brigades terrorists yesterday issued a communique declaring they had sentenced to death Sig Ciro Cirillo, the Campania regional official whom they seized on April 27.

Sig Cirillo, a Christian Democrat and in charge of housing affairs for the earthquake devastated region, is one of three people still in terrorist hands. The body of a fourth victim, Sig Giuseppe Tallercio, was found in the boot of a car earlier this week outside the chemical factory near Venice where he was a manager.

Spanish bank collapse, Page 27

Court date set for IBM claim

BY LARRY KINGER IN BRUSSELS

THE EUROPEAN Commission welcomed the European Court of Justice's decision allowing it to proceeding with its investigations of alleged anti-trust *infringements* by International Business Machines (IBM), the big U.S. computer manufacturer.

IBM's request for an injunction to halt the commission's inquiries was rejected on Tuesday by the court.

The court will now hear argument from both sides on September 16 over IBM's claim that the commission acted illegally in accusing the company of abusing its dominant position in the EEC market.

The commission, after six years of inquiry into IBM's European activities, accused the company of pricing and marketing abuses that allegedly restrict competition from other manufacturers of software machinery designed to complement IBM systems.

IBM countered the commission's accusations by lodging a complaint with the European Court, accusing the commission of failing to meet minimum legal criteria and of unlawful exercise of power.

If the court rules against IBM following the September hearing, protracted negotiations betwen the commission and the company will follow, probably lasting, as a spokesman said yesterday, "for months and months."

● A Comomn Market consumer committee urged member Governments yesterday to pass legislation banning the use of hormones to fatten veal.

"The Consulting Committee of Consumers supports a total ban on artificial and natural hormones," the committee said. It urged Common Market Agriculture Ministers meeting later this month to pass the legislation.

The committee, a Common Market official advisory body, has been trying to get the 10 Governments to ban the use of hormones by farmers. Consumer groups in Italy and France have led the opposition to the practice, citing scientific reports

Norwegian shipowner on fraud charge

By Our Oslo Correspondent

MR JOHAN REKSTEN, 33, the Norwegian shipowner, has been charged in Bergen with fraud and delivery of false declarations to the Norwegian Guarantee Institute for Ships and Drilling Vessels, to the police and to the Ministry of Trade and Shipping.

Police asked for Mr Reksten, who denied the charges, to be remanded in custody for six weeks but this was rejected yesterday in court.

The charges against Mr Reksten concern guarantees issued in 1978 by the guarantee institute for \$161m (£84.7m) in loans advanced by foreign banks to the Reksten shipping companies of Hadrian and Trajan.

The Norwegian Government has appointed a commission of inquiry to examine the Reksten affair.

Soviet admission over psychiatric hospitals

BY DAVID SATTER IN MOSCOW

THE CHIEF neuropsychiatrist at the Soviet Health Ministry, Dr Zoya Serebryakova, has acknowledged publicly that Soviet citizens are committed to mental hospitals after making what the authorities consider to be "groundless complaints" to state agencies.

The highly unusual admission came in a paper prepared for the seventh congress of Soviet neuropathologists and psychiatrists which ended in Moscow recently.

Dr Serebryakova said that 1.2 per cent of the patients at an unidentified Moscow psychiatric hospital were admitted in the course of a year in connection with "slanderous statements" and "groundless complaints" during visits to state offices.

The Soviet Union has no independent legal system and the majority of sane persons in Soviet mental hospitals have long been thought to be "truth seekers"—working people who persist in seeking redress for grievances long after the authorities have made it clear that no redress will be forthcoming.

Dr Serebryakova's paper was the first known public admission that these practices take place. She indicated that those who are hospitalised are treated voluntarily, but she did not explain why a person making "slanderous statements" to state officials should then consider himself in need of psychiatric treatment.

There is an official grievance system and people are encouraged officially to write complaints. However, the system is believed to be inte[illegible] aut[illegible] dis[illegible] rather than to correct injustices.

Soviet citizens who feel they have been wronged come to Moscow from all over the country and gather in the public reception halls of the Communist Party central committee, the Supreme Soviet, the Supreme Court and the Soviet Procurator.

While an unseen duty psychiatrist may look on, the "truth-seekers" are obliged to fill out endless forms, are subjected to continual delays and are sent from one office to another. After an appeals process which may take years, they may then be referred back to the local authorities against whom they were complaining in the first place.

Workers who feel they can[illegible]nd justice sometimes [illegible] acts of utter despera[illegible] Mr Ivan Marichenko, a chauffeur from the Crimean city of Yevpatoriya, set himself on fire in Red Square last year during the Moscow Olympics after spending three years appealing for help to state agencies.

At the time, the Soviet police denied that a suicide attempt occurred but Mr Marichenko was seen some months later in the Serbsky Psychiatric Institute in Moscow. Having survived the suicide attempt, he has been told he will be detained for the rest of his life.

Most complainants eventually give up their quest as hopeless. It is those who do not who bear the greatest risk of being committed to mental hospitals.

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Exchange market wariness delays international recovery

BY DAVID MARSH

UNCERTAINTIES on money and exchange markets are helping to delay the international economic recovery in the aftermath of the 1979-80 rise in oil prices, according to the Organisation for Economic Co-operation and Development.

In its bi-annual Economic Outlook, published this morning, the OECD predicts that the recovery in activity—which last December was expected for the first half of 1981—now seems likely to be delayed by six months or more.

Gross national product in the 24-nation OECD area is expected to grow by only 1½ per cent this year, but may pick up to 3 per cent by the second half of 1982.

Unemployment will rise in most countries throughout the next 18 months, rising from the present rate of just under 7 per cent of the labour force to nearly 7½ per cent—or nearly 26m people—by the second half of 1982.

In Europe the unemployment rate could be over 9 per cent. The rate among "relatively disadvantaged" groups could be even higher. Youth unemployment in some European countries could top 20 per cent.

One bright spot is that the OECD foresees a further decline in inflation. Measured by the private consumption deflator, the annual inflation rate across the OECD could fall to 8½ per cent in the second half of next year from the present level of 10 per cent.

Weak commodity prices, a quiescent oil market and moderating wage growth should all assist the slow-down.

The divergence between countries is likely to be considerable. Among the larger countries, inflation in West Germany could be around 3½ per cent in the second half of 1982. In Canada the rate could be 10 per cent and 15 per cent in Italy.

Half of the smaller countries seem likely to have double digit inflation in the second half of next year.

The OECD also forecasts a fall in the current account deficit of the area this year, and a further reduction next year.

The overall OECD deficit is expected to decline from $77bn in 1980 to $63bn this year and $47bn in 1982.

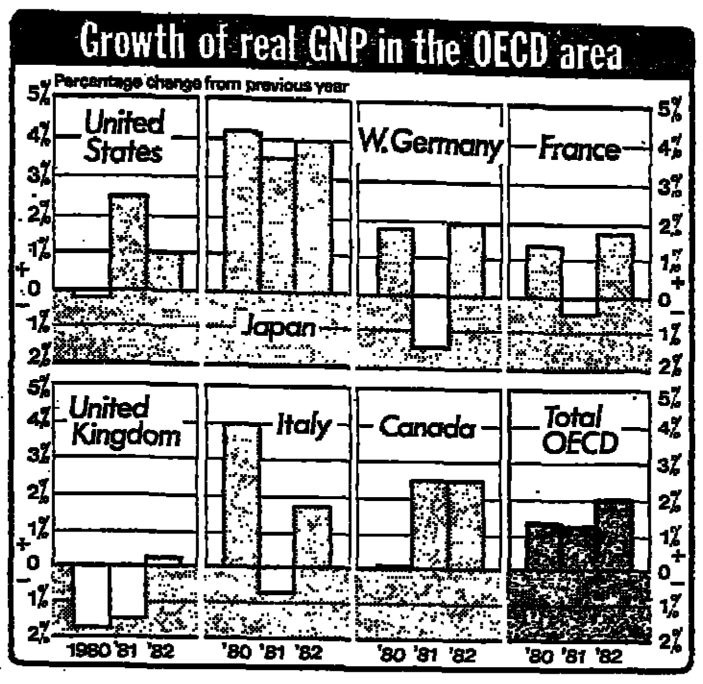
In 1981, differential GNP growth rates, combined with past movements in competitive positions, could lead to an increased dispersion of current account positions. Next year, however, as the lagged adjustment of trade volumes to the recent exchange rate changes become more important, the dispersion of the major countries' current accounts could narrow considerably.

West Germany, which has the biggest deficit, could see a significant improvement, and none of the big countries seems likely to run a 1982 shortfall larger than $5bn.

The smaller OECD countries will take a bigger share of the area deficit—perhaps between $25bn and $30bn.

The Opec surplus seems likely to fall from about $110bn this year to a still-substantial $60bn to $70bn next year. The decline, however, is being slowed by European currency depreciation, which improves Opec's terms of trade.

The deficit of the non-oil developing countries, by contrast, seems likely to increase this year, up to $61bn from $53bn last year, and is unlikely to fall in 1982.



There are likely to be significant differences this year in the pattern of output between Europe, Japan and the U.S. In Europe, partly because of important exchange rate changes and tighter monetary policy, the output of the big countries could decline by about 1 per cent this year, before growing by 1½ per cent in 1982, helped by a depreciation-assisted boost to exports.

In Japan, GNP may grow at 3 to 3½ per cent until next year, when it could accelerate.

Recent buoyancy in the U.S. is likely to give way to only modest growth, accelerating through the ½ to 2½ per cent range throughout 1982, with continuing high interest rates dampening the recovery.

The OECD says the uniform move after the first oil shock to tighter monetary and fiscal policies in the industrialised countries has laid the basis for a more satisfactory economic performance.

To ease the transition from recession to renewed growth, policy must make balanced use of a range of instruments, with the appropriate mix depending on each country's individual situation.

The report points out the dangers caused by the international transmission of high and volatile interest rates.

Depreciation of currencies against the dollar adds to inflation through higher import prices and the price-wage spiral, and can also lead to an initial deterioration of current account deficits in countries where the currencies are falling.

This can magnify downward pressure on the currency, and can also provide ammunition to advocates of selective protectionism, who tend to base their case on selected bilateral balances.

In order to dampen excessive exchange rate movements, European countries, in particular, will need to maintain tight monetary policies, at least until an improving balance of payments position lessens the external constraint.

The report urges, however, that:

- Attempts to prevent depreciation-induced inflation should not be taken so far as to delay adjustment of exchange rates to fundamental economic factors such as underlying price and cost differentials among countries.
- Efforts to control monetary aggregates should not lead to unnecessarily large fluctuations in interest rates and hence international interest rate differentials.
- Monetary and fiscal policies should be conducted in a complementary fashion to take acount of international constraints and implications.

The OECD calls for countries to take measures to develop a social consensus through an improved dialogue between government, unions and management.

"Experience shows that direct intervention in wage and price formation may simply create distortions and pent-up inflationary pressures," the report says.

"It remains true, however, that as well as resisting inflationary behaviour by non-accommodating financial policies, there is much to be said for trying to harmonise the income claims of business and labour in tune with available resources."

In order to boost investment in "physical and human capital," the secretariat also urges a restructuring of fiscal systems which weigh against investment—particularly through distortions associated with the effects of inflation on company profits.

It suggests measures to improve the quality of industrial training and the responsiveness of labour markets in order to improve the potential for output growth and also to help the fight against inflation.

Governments must ensure that efforts to reduce public sector expenditure in GNP do not weaken necessary public sector investment. This too often proves to be the least difficult spending item to cut. Where expenditure cuts are appropriate, they could to some extent be offset by tax cuts to stimulate saving, to support demand or reduce prices.

On energy policies, the OECD says the present calm in the oil market is unlikely to last indefinitely. Governments should continue to reduce dependence on imported energy by a variety of price and non-price measures.

"Given that there may be a short run tendency for real oil prices to fall, governments should consider using this opportunity to review stocking and pricing policies," it says.

> Tighter monetary policies imposed by industrialised countries after the oil price rises have laid the base for stronger performance, says the OECD. These policies must be maintained in Europe to dampen excessive exchange rate movements.

In 1981 monetary and budgetary indicators point to a reinforcing of demand restraint throughout the OECD. The outlook is for negative real money growth, continuing high nominal and real interest rates and a marked trend towards surplus in budgetary balances when adjusted on the basis of high employment.

The recession has brought a strong automatic tendency towards actual budget deficits, preventing any immediate reduction in the historically high levels of public sector borrowing requirements, while tending—together with tight monetary targets—to sustain high interest rates.

International capital flows and exchange rate pressures have caused interest rate increases to be transmitted throughout the area, perhaps implying in some economies a deflationary monetary stance not warranted by domestic considerations.

In a warning of possible exchange rate instability to come, the OECD says that the technical assumption built into its forecasts of unchanged exchange rates is "unlikely to be fulfilled, in view of the large inflation differentials forecast over a two-year period."

Compared with the period immediately after the first oil shock in 1973-74, real interest rates are at present substantially higher in most OECD countries. "This may impede the hoped-for recovery in private investment."

One important factor behind this is the continuance of high budget deficits, which put sustained pressure on interest rates—particularly in the U.S. Additionally, other countries are seeking to protect their currencies from excessive depreciation through interest rate increases.

Further fiscal restraint in stronger-currency countries might be used to reduce interest rates. "However," the report notes, "a controlled reduction in interest rates would depend on there being a sufficient degree of policy co-ordination, both internationally and between the phasing of domestic monetary and fiscal measures."

U.S. growth goal doubted

BY DAVID MARSH

CONSUMER PRICE inflation in the U.S. is likely to continue to decline next year, with the annual rise in the private consumption deflator expected to fall to 7½ per cent in the second half of next year from more than 9 per cent in the last six months of 1980.

According to the OECD forecasts, economic growth in the U.S. is likely to remain sluggish up to the middle of next year, with annual rates of increase of GNP of only ½ per cent foreseen over that period. A growth rate of 2½ per cent is forecast for the second half of next year, but the secretariat is plainly sceptical of the Reagan Administration's predictions of 5 per cent real GNP growth in 1982.

The U.S. current account balance of payments is expected to deteriorate from a surplus of $4bn this year to a deficit of $6bn next year.

A marked shortfall of demand in other OECD economies is expected to more than offset the buoyancy of OPEC demand for imports, leading to some weakening of U.S. export growth. The recent rise of the dollar will also dampen exports but, together with weak commodity prices and the recent deceleration in food price rises, will help reduce inflationary pressures throughout 1982.

The OECD stresses that the balance of spending and tax cuts in 1981-82 still implies a restrictive swing in U.S. fiscal policy in 1981, equivalent to about 1 per cent of GNP, followed by little change in 1982

Tight monetary targets have been confirmed for 1981 and are likely to be reduced further in 1982. The targets will clearly not easily accommodate growth of nominal demand and output at recent rates.

There could be an increasing conflict between the targets and a combination of the underlying strength of the economy and persisting inflation. This is likely to lead to a comparatively small, though significant, fall in inflation, sluggish demand and output, and interest rates which in 1982 will be only a little lower than the 1981 peaks.

Japan is expected to register a moderate recovery in private domestic demand, led by private consumption, up to 1982. In contrast, the demand impact of public sector operations should turn negative later this year.

This follows a switch away from restrictiveness in the Government's policy stance after August last year, in response to stagnating domestic demand and the rapid reduction in inflationary pressures.

Real GNP growth may slow down to just over 3 per cent in the second half this year from 3½ per cent in the first half, but is forecast to rise again to 5 per cent in the second half of 1982.

Unemployed likely to top 26m

By Peter Riddell

UNEMPLOYMENT is likely to rise in most industrialised countries over the next 18 months. For the 24 countries of the OECD area as a whole the number of unemployed could increase from 23.75m in the first half of this year to 26.25m by the second half of 1982.

This is equivalent to a rise in the percentage of the workforce unemployed from 7 per cent to 7.5 per cent. In Europe the rate could be 9.25 per cent (15.25m) by the end of 1982 with a figure of 12 per cent for the United Kingdom.

Further worsening of unemployment among women and young people is expected in Europe. In France, Britain and Italy, youth unemployment rates could be more than 20 per cent.

If past patterns repeat themselves there will also be a lengthening of the period for which an unemployed person is without a job. The proportion of the unemployed who have been out of work for six months or more was, in the OECD countries for which data is available, around 46 per cent in 1979. This could rise to about 52 per cent in 1982.

Modest revival forecast for Britain

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONLY A modest recovery in total economic activity in Britain is likely during 1982, according to the latest OECD forecasts.

The section on the UK presents a generally gloomy picture with sluggish output, rising unemployment and a deterioration in the current account of the balance of payments.

Overall, the decline in real Gross Domestic Product is forecast to come to an end in the fourth quatrer of this year, and to be followed by a modest recovery during 1982. Starting from a lower level at the end of 1981, manufacturing production seems likely to rise faster than GDP during 1982.

Despite the upswing, employment is expected to continue declining through 1982, and unemployment, including school leavers, may exceed 3m before the end of the forecast period despite a fall in the percentage of the population seeking work and a consequent small decline in the labour force.

The annual rate of consumer price inflation is forecast to fall gradually to about 8¾ per cent by the end of 1982 from 11¼ per cent now.

The effects on prices of a marked slowdown of the increase in unit labour costs are expected to be largely offset by a small recovery in company profits and by import prices, which, after falling slightly in 1980, are forecast to rise at an annual rate of nearly 8 per cent to the end of 1982.

UNITED KINGDOM
Demand, output and prices
% change from previous year
Volume (1975 prices)

	1980	1981	1982
Private consumption	0.6	—¼	½
Government consumption	2.1	¾	—¾
Fixed investment	—2.2	—7½	—2½
Public	—5.6	—8½	—2½
Private residential	—14.2	—8½	12¾
Private non-residential	1.8	—7	—5
Final domestic demand	0.4	—1½	—½
Exports of goods and services	0.4	—4½	—½
Imports of goods and services	—3.5	—5	6
GDP at market prices	—1.8	—1½	½
GDP implicit price deflator	18.8	13½	10
Consumer prices	15.6	11½	9¼
Manufacturing production	—9.6	—9¼	½

The year-on-year growth of average earnings is expected to decelerate to about 9 per cent by the second half of 1982. The decline in real personal disposable income is expected to be around 1 per cent in both 1981 and 1982 (compared with an annual rate of increase of 5¾ per cent in the three years to 1980).

With lower inflation and following the rebuilding of the real value of financial assets in 1980, there could be a small fall in the personal savings rate from an average of 15¼ per cent in 1980 to 14½ per cent in 1981 and 13½ per cent in 1982.

Therefore, consumer spending should begin recovering from this autumn onwards. At the end of 1982, however, it will probably be still a little below the early-1980 level.

Business investment is expected to decline with capital spending in manufacturing industry dropping by the end of 1982 to its 1964 level. Private housebuilding should start to recover from now on and destocking should slow this year with moderate stockbuilding in 1982. This stockbuilding will be the main expansionary component of demand up to the end of 1982.

The deterioration of external competitiveness is expected to have a major impact on foreign trade, more than offsetting the growth of markets up to mid-1982. This will have a significant negative effect on GDP—of minus 1¾ per cent in 1982.

A further small improvement in the terms of trade (the ratio of export to import prices) should mitigate the deterioration of the real foreign balance. The visible trade account should continue in surplus during 1981 but move back into a deficit of about $3bn at an annual rate in the second half of 1982 (including a surplus on oil of about $3½bn).

The invisible surplus is also likely to contract, giving a current account deficit of a little over $2bn at an annual rate in the second half of 1982—a swing in the current account of around $16bn in two years.

Looking at the policy stance, OECD estimates that the tightening of fiscal policy in the last Budget is equivalent to around 2½ per cent of GDP in 1981-82.

Monetary conditions are expected to remain moderately restrictive, especially in 1982,

OVERSEAS NEWS

As strikes spread across the continent, **Colin Chapman** reports from Sydney on plans to stop the disruption

'Peculiarly Australian institution' heads for extinction

"THE arbitration system," said Mr Justice James Robinson, a deputy president of the industrial court, "stands shoulder to shoulder with the kangaroo, the Holden car, and the Pavlova as being peculiarly Australian." As Australian Prime Minister Malcolm Fraser, jet weary after criss-crossing the U.S. for two weeks, flies back to Canberra today to confront the most serious industrial unrest in the country for years, he must be pondering that this peculiarly Australian institution is in danger of extinction.

For several decades Australia has had its labour relations underwritten by a complicated, ever-changing, set of rules administered by the Arbitration Commission and operated by a large specialist branch of the legal profession. In the forties and fifties it worked, spreading equitable wage settlements across the community. In the past few years, however, it has floundered badly, as the system threw up more and more anomalies between groups of industries, between individual companies within those groups, and between properous and not-so-prosperous areas of Australia.

The Commission has had two main functions: it has a statutory obligation to consider the implications of its wage fixing decisions on inflation and unemployment, and it is legally bound under the Australian constiution to prevent and to settle industrial disputes.

It has been better at achieving the former than the latter, partly because unions have learned that all too often they can ignore orders from the commission to return to work, and in many cases have achieved better results by industrial action than by having a barrister talk their case through the courts.

When court orders have been disregarded, legal powers to deregister unions or impose penal sanctions—like fines or the occasional jail sentence—have been used, but without effect.

One reason for this is that Australian unions only very seldom resort to all-out organised strikes. They have discovered a much more effective weapon, the "black ban," whereby a handful of union members withdraw certain services to cause maximum disruption, while the remainder of their colleagues continue to get paid.

But the problem that has brought about the current crisis of industrial relations in Australia, where today the number of disputes runs into hundreds and no member of the public is unaffected, is not solely union militancy, or the national campaign for a 35-hour week. Rather, the unions have been irritated by what they see as the confrontation politics of the Fraser Government, and are particularly hostile to the wage fixing guidelines which Canberra has imposed upon the Commission.

The guidelines are a set of seven rules which outline all the ways in which pay rises can be granted by the Conciliation and Arbitration Commission. These deal with changes in work value, price rises, conditions, allowances, new awards, anomalies, inequities, and productivity based increases.

Apart from providing a lawyers' picnic, these guidelines have provided the unions with a whole new set of armour currently being used to the full. For example, most current demands are for a fairly modest percentage increase, about 8.5 per cent, coupled with new special responsibility allowances, usually of about A$1,000 (£606) a year.

For instance, seamen on the ferries which ply across the outer part of Sydney harbour, a 30 minute run, recently demanded a special allowance for encountering, at most, five minutes of choppy water for about 50 days a year.

All sides of industry now recognise that the current wages system is not working, and some employers are arguing that Australia should turn to the American system of legally enforceable wage contracts. But even if the Fraser Government accepted this (and it is reluctant to give up the powers of the Arbitration and Conciliation Commission because it fears it will thereby lose control of economic management) there is the problem Australia shares with Britain: there are just too many unions. Nationally there are 279 unions, representing about 3m workers, or half the workforce. On the employers' side things are almost as complicated with about 80 employer organisations.

Yesterday a Cabinet minister, Industrial Relations Minister Ian Viner, conceded that the federal guidelines had contributed to industrial unrest in several industries. "They are causing a lot of disputes and are part of what has given rise to the present situation," he said.

He refused to be drawn into detail about the Government's proposals, but they include extra powers for employers to lay off workers during industrial disputes, new legislation providing for the deregulation of errant unions, and, as a sweetener, new measures to provide for preference for the trade unionists in employment.

But he appeared to reject the dismantling of the Arbitration Commission. He admitted there was a worry in the community that the present system was disintegrating. "For a system that has protected the worker and brought a large measure of order and fairness into wages for so long, I do not think Australia can afford to have that sense of disintegration built up in the community." So, like the kangaroo, the Holden, and the Pavlova, the system may survive, but no one believes it will not drastically change shape.

Muldoon budget threat on wages

BY DAI HAYWARD IN WELLINGTON

MR ROBERT MULDOON, the New Zealand's Prime Minister, yesterday warned unions in his budget speech that he would introduce wage controls if settlements in the present wage round broke into double figures.

Mr Muldoon, who is also Finance Minister, criticised unions for refusing to accept tax cuts instead of wage rises.

Expectations of an election "bribe" budget were dashed with the imposition of a 7 cents a packet increase in the price of 20 cigarettes, 2 cents on a measure of whisky and a 3 cents increase in the public bar price of a one-litre jug of beer.

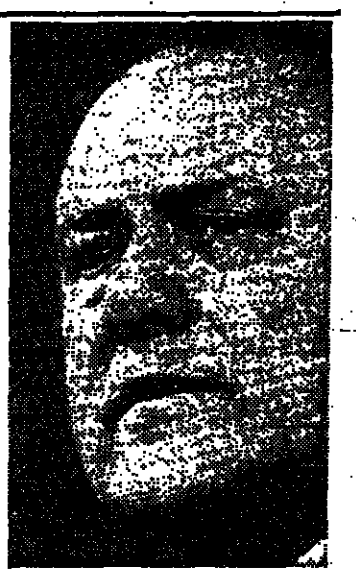
Despite widespread calls for some form of tax relief there were no reductions in direct income tax. One minor concession is that lower paid family wage earners can earn NZ$1,600 (£710) a year more before paying income tax.

The level at which death duties come into force was increased to NZ$300,000.

Among salary and wage earners, young married couples buying their first home fared best. Benefits were increased under the Government's home savings scheme run through the Post Office. The scheme provides cash grant incentives and rebates in interest payments when the house is purchased.

Although there was some help for the farming and fishing industries, Mr Muldoon's critics could in no way say his budget was typical of an election year. Perhaps it was a reflection of how little he had to give away that he made a virtue of not increasing postal or telephone charges.

The Prime Minister said New Zealand could expect an overall increase in GDP of about 2 per cent this year. Fixed investment should increase in real terms by 10 per cent.



Mr Muldoon . . . warning

Rugby tour clash comes to a head

By Quentin Peel, Africa Editor

THE CLASH within the Commonwealth over the forthcoming South African rugby tour of New Zealand comes to a head today with meetings in London and Wellington, likely to result in the relocation of the September meeting of Commonwealth Finance Ministers, and New Zealand's withdrawal from the Gleneagles agreement on sports relations with South Africa.

The New Zealand Rugby Union seems set to maintain its commitment to the Springbok tour, which starts next week, in the face of requests by the Government to call it off. As a result, the Commonwealth southern African committee, made up of high commissioners based in London, is certain to move the Finance Ministers' meeting from Auckland to the Bahamas in retaliation for what is regarded as the New Zealand Government's half - hearted opposition to the tour.

The question of sports ties with South Africa is now likely to re-emerge as one of the most divisive issues at the Commonwealth Heads of State meeting in Melbourne at the end of September.

African members are expected to press for the Gleneagles agreement to be made tougher. They are particularly annoyed about the attitude of Mr Robert Muldoon, the New Zealand Prime Minister, who has made several caustic comments about their keenness to back sports boycotts, rather than trade embargoes, against South Africa.

Mr Muldoon has promised to withdraw from the Gleneagles agreement if the Finance Ministers' meeting is moved and is also expected to refuse to attend—although he is likely to go to the Melbourne summit.

If New Zealand pulls out of the Gleneagles agreement, which commits all Commonwealth Governments to take all practicable steps to discourage sports ties with South Africa, it is likely to be barred from the Commonwealth Games in Australia this autumn. If that does not happen, the black Commonwealth states will refuse to attend.

Crash writ lodged

A writ seeking NZ$69m (£30m) from Air New Zealand in damages on behalf of families of those killed in the Antarctic air crash in 1979 was lodged in the Auckland High Court yesterday, Dai Hayward reports from Wellington.

Thai deficit widens

Thailand suffered a $1.7bn trade deficit during the first six months of 1981, a 71 per cent increase over the same period last year, the Commerce Ministry said, AP-DJ reports from Bangkok. Imports amounted to $5.6bn while exports totalled $3.9bn.

Demand takes off

The Chinese aircraft industry, which builds mainly military planes, is diversifying into the production of consumer goods, including bicycles and tape recorders, to help to meet demand, the New China News Agency said, Reuter reports from Peking.

Begin the winner by tiny margin

By David Lennon in Tel Aviv

A BARE 10,000 votes out of almost 2m cast in last week's General Election separated Israel's two leading parties, it was revealed yesterday when the official results were announced.

The ruling Likud bloc of Mr Manahem Begin, took 718,941 votes to win 48 seats in the 120-member Knesset and is now certain to form the new coalition, despite having gained only one more seat than the opposition Labour Party, which won 708,536 votes.

Mr Begin has won the agreement of three of the minor religious parties, which together control 13 seats in the parliament, to serve in his new coalition. This will give him a slim majority of 61 seats

The Israeli President, Mr Yitzhak Navon, will next week call in the ten parties which won seats in the Knesset, out of the 31 which contested the election, for consultations about the formation of the new Government. As Mr Begin has already assured himself of a narrow majority, the President is certain to ask him to form the next coalition.

The total number of voters in the June 30 election was 1,954,609 out of the 2.5m eligible voters. This is a 78 per cent turnout fractionally less than at the last election four years ago.

The final tally of seats was: Likud, 48; Labour, 47; National Religious Party, 6; Agudat Israel, 4; Communist, 4; Tehiya, 3; Tami, 3; Telem, 2; Shinui, 2; and Citizens' Rights Movement, 1.

● The special U.S. mediator, Mr Philip Habib, was due to return to the Middle East last night to resume his efforts to resolve the Lebanese missile crisis

Rajai confirmed as IRP candidate in Iran poll

BY TERRY POVEY IN TEHRAN

PRIME MINISTER Mohammed Ai Rajai was official confirmed as the presidential candidate of Iran's dominant fundamentalist Islamic Republic Party (IRP) yesterday. Mr Rajai, who looks certain to win the July 24 poll, was also endorsed by the powerful Clerical Elmieh centre in the holy city of Qom and by the Militant Clergy organisation.

According to the election office of the Interior Ministry, 71 candidates have been nominated. Few of these however can have much chance against the Premier. There will, it seems, be no candidates from any of the opposition groups operating openly, such as the Freedom Movement of Mr Mehdi Bazargan.

Some of the 71 may well be ruled out by the Council of Guardians of the constitution, who have to decide upon the eligibility of the nominees. A full list of candidates should be available by next Tuesday when campaigning will begin.

One surprise among the candidates is Mr Ali Akbar Pavaresh Deputy Speaker of the Parliament and member of the central committee of the IRP. As the IRP has nominatedw Mr Rajai, it is not clear what standing Mr Pavaresh's candidature will have. Interior Ministry officials say that among the 71 nominees are six well known clergymen but they will give no names.

Iran's leader, Ayatollah Khomeini, yesterday congratulated the armed forces on their recapture of the town of Nowsud in the west of the country. He also urged the military to "report to their commanders about any deviat persons under them."

Mr Rajai . . . favourite

He warned commanders that if they did not hand over suspects to the courts, then they would be asked to explain their actions. On Wednesday, Iran's leader ordered his representative on the Supreme Defence Council, Colonel Sayyed Moussa Namjou, to report weekly to him "on the internal affairs of all offices of the army," due to the "current exceptional circumstances."

● A further seven executions of opponents of the regime were reported yesterday. Four were members of the People's Mojahedin organisation and the other three were Leftists.

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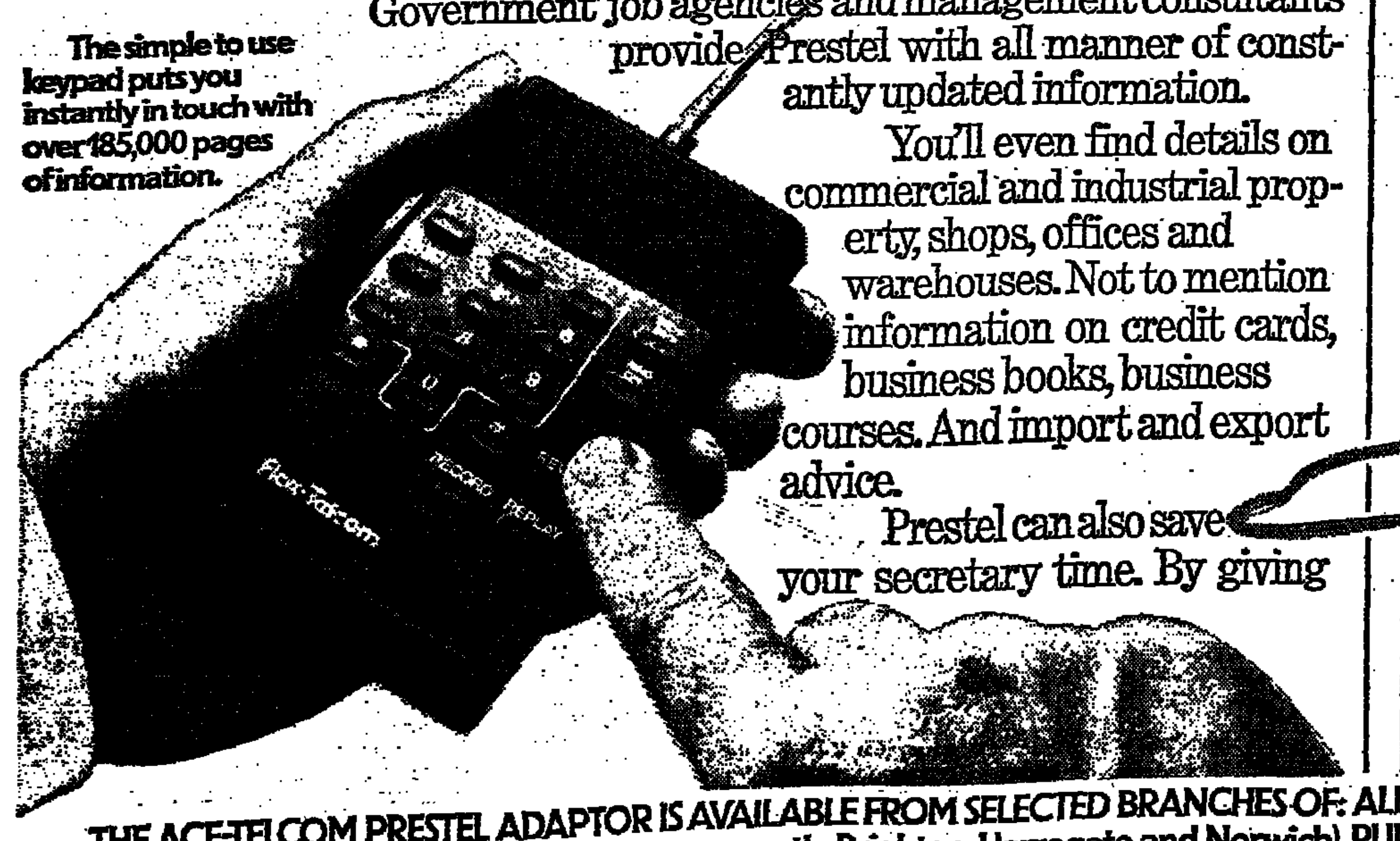

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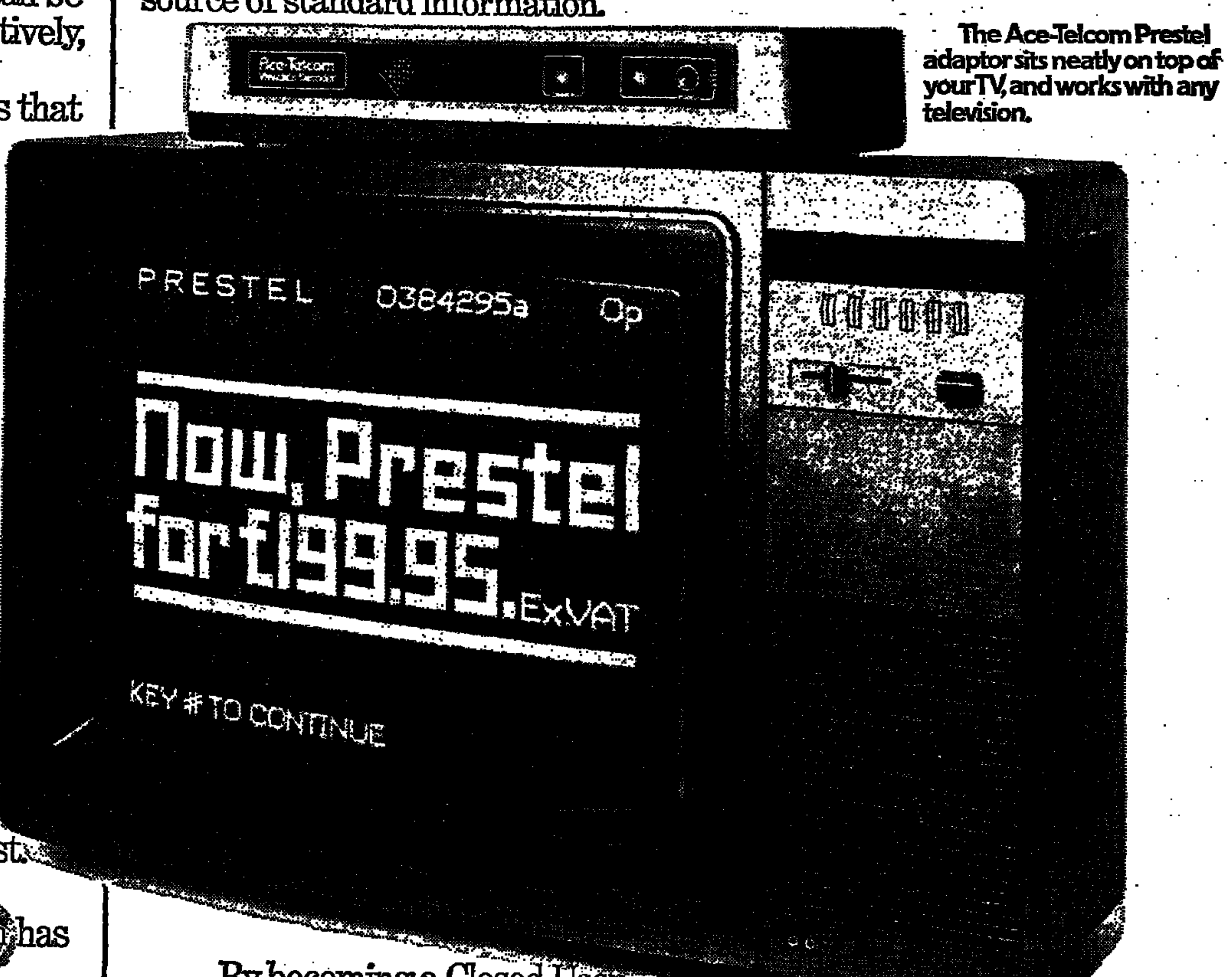

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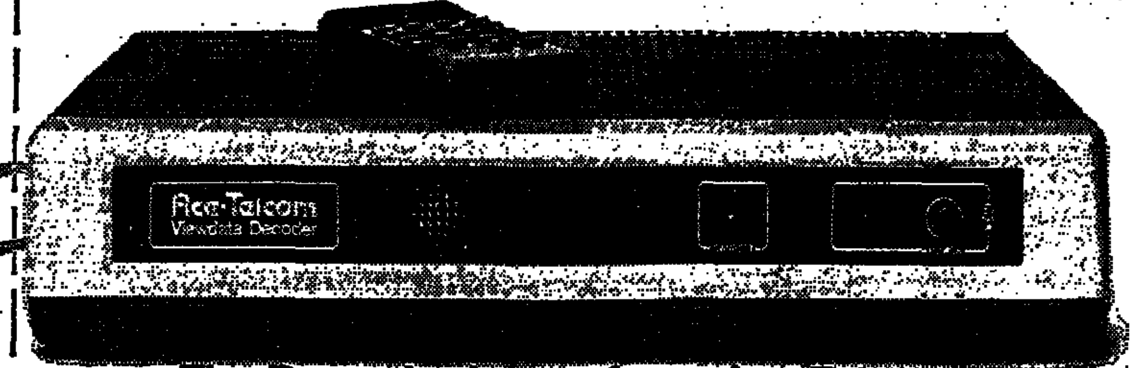

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Imperial Oil to halt £5.2bn project

BY RAY DAFTER, ENERGY EDITOR

IMPERIAL OIL, Canada's biggest oil company, is to suspend development work on its C$12bn (£5.2bn) Cold Lake oil sands project because of a pricing dispute between the Federal Government and Alberta's provincial administration.

Mr Jack Armstrong, Imperial's chairman, said it had been decided to halt work at Cold Lake—one of the world's biggest energy projects—because it seemed unlikely that an agreement which would establish commercial terms for the venture would be reached for some time.

Imperial, which is part of the Exxon Group, plans to reassess the position as soon as the Federal and provincial governments come to terms with the pricing issue.

Meanwhile, Imperial and its affiliates will continue to work on pilot plant operations.

The Cold Lake project in Alberta is designed to exploit part of Canada's vast resources of thick, heavy oil.

Construction is ready to start on a commercial-scale plant which could produce by the mid-1980s some 140,000 barrels a day of oil, the equivalent of 10 per cent of Canada's demand.

Mr Armstrong said he still hopes the project would go ahead. No single project, he added, offered the potential of "so much so soon" in new energy supplies or job opportunities.

Victor Mackies writes: The Alberta-Ottawa energy talks are expected to resume at ministerial level later this month. Following the most recent round of negotiations on June 29, the two governments have declined to offer public words of encouragement for Albertan oil sand projects.

The two governments are reported to be fairly close to an agreement which would set prices for newly-exploited oil—including oil sands output—at or near worldwide levels, at present C$43 a barrel.

But even with an end to the Alberta-Ottawa pricing dispute—by the autumn at the earliest—Imperial will want to see a satisfactory resolution to such items as taxation, cash flows, and provincial royalties.

Imperial says it needs a 20 per cent return on investment to ensure that the venture is commercially attractive. At the moment, it claims, the Federal taxation programme reduces the return to between 11 and 13 per cent.

'Medfly' threatens California fruit crops

By Paul Betts in New York

AFTER THE recent gypsy moth plague which devastated millions of acres of woodland in New England, the U.S. is grappling with another voracious parasite — the dreaded Mediterranean fruit fly — which is threatening California's $14bn agricultural industry.

The pest, better known as the Medfly, is running wild in the Santa Clara district south of San Francisco. It is infesting thousands of fruit trees and orchards, seriously jeopardising the plum, peach, apricot and nectarine harvests.

The fly has become the centre of an acrimonious controversy in the state this week with farmers calling for large-scale arial spraying of insecticide. Some of the 500,000 local residents, who fear possible side effects of the pesticide, are vigorously opposed to mass spraying.

The farmers claim that unless the Medfly is swiftly exterminated, many other states and Japan, a big importer of Californian fruit and vegetables, will boycott the state's produce.

Italy and Algeria in price row over gas supplies

BY JAMES BUXTON IN ROME

THE SUPPLY of Algerian natural gas to Italy via the trans-Mediterranean pipeline is threatened by disagreement between the two countries over the price to be paid.

The first gas is due to flow into Sicily through the pipeline late in October or early in November, within four years the project, which will have cost about Lire 3,000bn (£1.3bn) will be carrying 12bn cubic metres of gas a year.

However, Algeria is trying to renegotiate the pricing formula for the gas which it agreed in 1977, with Snamprogetti, subsidiary of the state energy concern ENI. That formula indexed the price to a complicated set of factors including the price of petroleum products and currency changes. It was designed to make the price of gas competitive with the other sources of energy.

Now, however, the Algerians want to revise the agreement and relate the price of gas strictly to the price of oil of an equivalent calorific value. They do, however, propose that there should be a three-year period of grace before the maximum price is applied.

However, the Italians calculate that the price per cubic metre would be between L335 and L388 for the first three years before reaching the full price of L410. This, it is pointed out, is far above the present price of gas supplies to Italian industry.

The Italians point to the very large investment they are making in the pipeline, which will eventually be 2,500 km long, including a stretch of 160 km lying 600m under the Mediterranean between Tunisia and Algeria.

They argue that if they charge a price for the gas reflecting the price the Algerians are asking, it would be too expensive to use, and the economic benefits which they hope to gain from the project, especially in Sicily and the south of Italy, would be lost.

The Algerians are understood to be arguing that Italy should treat the pipeline and its associated installations as infrastructure to be written off rather than something on which to make a financial return.

The Italians point out that the cost to Algeria in terms of installations to export the gas has been relatively low, in comparison with the very expensive gas liquefaction plants which it has had to build for other export projects.

On the other hand it is noted that Algeria has had to invest up to $900m, most of it borrowed, in its section of the pipeline.

Viola suspends admiral's magazine for fortnight

BY HUGH O'SHAUGHNESSY

THE DEEPENING splits among the Argentine military were underlined on Wednesday when Gen. Roberto Viola, the President, suspended the fortnightly magazine Cambio.

The leading figure behind the magazine is Admiral Emilio Massera, former commander-in-chief of the navy, and member of the military junta which overthrew the Government of President Maria Estela Perón in 1976.

Sales of this week's copies have been banned and the preparation of the next issue forbidden.

The admiral, who retired in 1976, has been bitterly opposed to the policies of Gen. Viola and Gen. Jorge Videla, his predecessor in the presidency.

Cambio was widely regarded as a vehicle for the presidential aspirations of Admiral Massera and the ambitions of the Argentine Navy to rival the political influence of the army.

Since his break with the Videla Government in 1978, the Admiral has been bitingly critical of the policies of successive Economy Ministers—Dr José Alfredo Martinez de Hoz and the present incumbent, Dr. Lorenzo Sigaut.

Reagan sets up review of service recruitment

BY OUR WASHINGTON CORRESPONDENT

President Reagan has created a top-level task force to determine how many more Americans might have to be put in uniform to carry out the new Administration's expanded defence strategy.

Senior Pentagon officials said yesterday that the armed services might have to be increased by 10 per cent, or 200,000, by 1985. They were "very confident" that this could be done without a return to the draft, but that option would be explored.

The Reagan Administration has said it is committed to making the "all volunteer services" work. Any return to conscription would stir great controversy and throw in question the public consensus that has so far backed the Reagan re-armament programme.

The Carter Administration ran into considerable trouble when it merely registered young people for possible conscription.

According to a confidential army report to Mr Caspar Weinberger, the Defence Secretary, the U.S. Army will need nearly 100,000 more soldiers to carry out an expanded military strategy.

Soviet Union, Hungary agree to increase trade

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION and Hungary have agreed to increase their trade to Roubles 6bn (£4.07bn) this year with Hungary meeting the higher cost of Soviet raw materials by increasing its deliveries of finished goods.

Soviet oil deliveries this year are expected to come to approximately 7.5m tonnes, which was last year's level, but in order to pay the higher prices for Soviet oil, which are nearing market levels for formerly protected Comecon customers, Hungary will increase its deliveries of industrial products.

The Soviet Union imports Ikarus buses from Hungary and spare parts for the Togliatti auto plant and the Kamaz truck factory as well as shoes, clothing and agricultural products, such as fruits, vegetables and meat.

Hungary, with Soviet encouragement, has sought to hold down its oil imports, which in 1979 came to 9.5m tonnes, but the trade balance is expected to remain in the Soviet Union's favour.

Accordingly, the trade turnover between the two countries is to rise by only 8 per cent over last year's level of Roubles 5.7bn.

Hungary is to import 3.8bn cubic metres of natural gas from the Soviet Union this year, the same as in 1980, and there will be an attempt to substitute gas for oil.

Plans for 1981-85 period also envisage the export by Hungary of petro-chemical products in return for Soviet synthetic rubber and the export of a new line of Hungarian components for Lada cars produced by the Soviet auto plant at Togliatti.

Bulk shipping capacity 'will rise by 20%

By Andrew Fisher, Shipping Correspondent

A RISE of up to one-fifth in the world's bulk shipping capacity by 1983 was forecast yesterday by shipbrokers H. Clarkson.

This would bring the bulk carrier fleet — transporting dry cargoes such as grain — up to nearly 160m deadweight tons from the present 133m dwt.

Clarkson, which has just produced its Bulk Carrier Register 1980, said new orders for this type of ship totalled nearly 20m dwt last year.

Something like 36m more tons could be added in the three year period 1981-83, equivalent to about 27 per cent of today's fleet.

Even after allowing for the removal of about 11m dwt of obsolete ships, a net rise of not much under 20 per cent was likely by the end of that period.

"Will world trade expand to absorb this substantial addition to the bulk carrier fleet?" asked Clarkson.

Salvador junta pins hopes on poll next year

By Our Washington Correspondent

THE El Salvador junta pins its hope for peace on elections in March 1982, and on the prospect that if the country's warring factions can be drawn into the political process, violence will ease and permit the poll to take place, Sr Fidel Chavez, the Salvadoran Foreign Minister, said yesterday.

Sr Chavez's visit to Washington comes as the Reagan Administration is making a fresh effort to win wider acceptance for its controversial policy of arming and funding the junta against guerrillas.

Loans to Latin America backed

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration has instructed its delegates to international aid banks to start supporting loans to Chile, Argentina, Uruguay and Paraguay—on the grounds that the human rights records of these countries have now improved enough to warrant U.S. backing.

The policy switch, notified to committee chairmen in Congress with power over U.S. contributions to multilateral aid agencies, has drawn criticism from the Democratic Party majority in the House of Representatives.

The Reagan move reverses policy under the Carter Administration, which voted "no" or abstained on 122 multilateral loans to 16 countries which abused their citizens' rights.

President Reagan has made clear that in general he will not quibble over the internal record of Governments which stand ideologically aligned with his conservative, anti-Communist policies, and that in particular he wants better relations with Latin America than prevailed under Mr Jimmy Carter.

But his policy change also needs the approval of Congress, which in 1977 passed an amendment requiring the U.S. to oppose multi-racial loans to countries with "a consistent pattern of gross violations of human rights."

The Reagan Administration has now told Congress that, in its view, the four right-wing Latin American regimes no longer fit the category of gross violators, as there has been a "significant improvement"

The new U.S. policy means that the U.S. will, for instance, be voting on the boards of the World Bank and the Inter-American Development Bank in favour of proposed loans this month of $310m to Argentina, $126m to Chile, $40m to Uruguay, and $7.8m to Paraguay.

But highly symbolic though the Reagan move is, it changes little in practice. The U.S. under Mr Carter was consistently out-voted when it opposed multilateral loans.

Steady growth predicted for Canada economy

OTTAWA — The Canadian economy is expected to grow 2.9 per cent this year, in real terms, measured by GNP, rising to 3 per cent next year and 4 per cent in 1983, the Economic Council of Canada, a semi-official advisory body, said.

In the first quarter of this year, GNP rose by 1 per cent, according to recent figures from Statistics Canada.

The Economic Council, in its quarterly magazine Au Courant, said consumer prices, after rising 11.4 per cent this year, will advance 11.9 per cent in 1982. Then the inflation rate will decline but only gradually.

Reuter

European airlines resume scheduled flights to Iran

BY TERRY POVEY IN TEHRAN

SEVERAL international airlines are resuming flights to Iran despite the continuing nine-month-old Gulf war with Iraq and reported shortages of aviation fuel in Tehran.

Air France and Lufthansa of Germany commenced their flights in mid-June and Iberia of Spain and Swissair are to start theirs soon.

Other major carriers such as British Airways, Alitalia, KLM of the Netherlands and Aeroflot of the Soviet Union which used to have regular flights to Tehran say that they are either still negotiating or have no immediate plans.

U.S. airline companies have had no landing rights in Iran since the start of the hostage crisis in November, 1979.

All international airlines including the national carrier Iran Air, stopped their flights following the start of the Gulf war on September 22 last year.

Iran Air began a limited international passenger service in early December which developed into a three times a week flight to London, Paris and Madrid (including the stops in Frankfurt, Istanbul, Athens, Rome and Vienna depending on the routing being used).

However on June 8 Lufthansa reopened flights with a twice-a-week service to be followed soon afterwards by Air France on a one-day-a-week basis. Iberia is due to commence flights on July 15, and Swissair on July 20, both once weekly. Iran Air continues to operate three flights per week to Europe plus four to Dubai, and one each to Bombay, Damascus and Dohar.

UK group in £8m Iraq deal

By Our World Trade Staff

BLAW KNOX, of Rochester, part of the Babcock construction group, has won an £8m order to supply Iraq with 180 asphalt pavers and spare parts.

The order was secured against considerable international competition and keeps the company active in a part of the world in which it has had great success.

Delivery of the pavers—used to construct asphalt roads—is due to begin in three months' time and will be made to the Iraqi Ministry for Municipal Affairs.

Work on the order will be shared between factories in Rochester and Gloucester.

Caribbean Basin tests U.S. aid strategy

THE FOREIGN MINISTERS of Canada, Mexico and Venezuela and Mr Alexander Haig, the U.S. Secretary of State, meet tomorrow in the Bahamas in an attempt to thrash out a common aid policy for the economically depressed nations of the "Caribbean basin," the region covering Central America and the Caribbean islands.

The Caribbean countries expect a substantial increase in aid to flow from the meeting. They believe that if the "mini Marshall plan" is to succeed in staving off economic armageddon then the present level of aid, about $1bn (£530m) a year must be raised to about $3bn.

However, the meeting is about more than the pure economics of aid. It could highlight divisions among the donor countries themselves and provide a crucial test of U.S. aid policy.

The U.S. sees the plan as an important defence against what it sees as a growing communist influence in the region, but it may be viewed very differently by the three other donors.

The U.S. position has been expressed strongly and frequently by Mr Haig, namely that communism was taking advantage of the region's poverty, as evidenced in Nacaragua, Grenada and possibly El Salvador.

The Canadians are likely to regard the effort as one way of implementing the plans of Mr Pierre Trudeau, the Prime Minister, to speed up "North-South" assistance as a tangible example to his colleagues who he will host at the forthcoming Ottawa summit.

Mexico's concern, as stated by Sr Jose Lopez Portillo, the president, will be to maintain economic and political stability in the region. He wants the U.S., for example, to keep out of El Salvador.

The Venezuelans will doubtless be hoping that increased aid to the Caribbean will win them more friends and more votes in their current territorial dispute over the Essequibo region, now part of Guyana, but which Caracas claims is rightfully Venezuela's.

The U.S. emphasis on the strategic value of more aid to the Caribbean will bring an obvious political content to the discussions. But this, ironically, could also displease the beneficiaries.

The region needs all the aid it can get. Reports by institutions like the Inter-American Development Bank and the Caribbean Development Bank over the past few years have painted an increasingly gloomy picture of high and increasing unemployment, inflation and falling production.

Notable exceptions in the region have been Mexico, and Venezuela which are now aid donors, and Trinidad and Tobago—all three being net oil exporters.

Mr. Alexander Haig: Search for a common policy

The suggestion that the industrialised countries become party to a mini "Marshall plan"-type aid programme, came initially from Caribbean leaders, notably Mr Tom Adams, the Prime Minister of Barbados, and Mr Edward Seaga, the Jamaican leader.

Mr Seaga told President Reagan in January that the region needed about $3bn in aid annually. He argued that the problems of the poor, weak, oil-dependent economies of the region could be ignored only at the risk of their governments falling like dominoes under Cuban influence.

The Jamaican leader said aid programme should include only "like-minded countries" which had democratically-elected governments. This was a clear indication to the U.S. to exclude states such as Nicaragua, Grenada and quite clearly Cuba.

But while Washington is likely to want any funds it grants withheld from some countries with which it has political differences, recipients including Jamaica and Barbados, now appear to feel that it should be granted to all in the region who need it.

Foreign ministers of the 12 members of the Caribbean Economic Community, including Jamaica and Barbados, recently attacked the U.S. for offering a $4m grant to the Caribbean Development Bank, on condition that none of the money be used in Grenada.

There have been indications from Washington that the donor countries are likely to apportion areas of responsibility in order to prevent discord with beneficiaries.

It appears, for example, that the other donor nations would not object to Mexico extending assistance to Cuba and Nicaragua. Mexico has been assisting Cuba in oil exploration, and is one of Nicaragua's better friends in the region.

Canada, for its part, has not objected to aid for Grenada despite the U.S. refusal, and this week extended a grant of more than $1m to the administration of Mr Maurice Bishop.

The adoption of a new aid policy by the four countries would not demand any new mechanisms. The U.S. and Canada have been traditional donors to the region, and Mexico and Venezuela have also been increasing assistance over the past three years.

Mr Mark MacGuigan, the Canadian Foreign Minister, has said his Government is to make the Caribbean a "priority area" in its external policy, and will be increasing aid to C$350m (US$290m) by 1985.

A real question mark must, however, remain over the extent to which the U.S. Administration is willing, or able, to provide additional aid.

In Washington there is some scepticism over whether an administration which has cut foreign aid in the budget as the essential counterpart to cutting food stamps and other welfare benefits will now be willing to find the extra funds for the Caribbean. Such a step would appear to require a reclassification of strategically desirable aid as a form of defence spending.

EEC 'needs protectionism'

BY JOHN WYLES

THE EEC is urged today to embrace systematic protectionism in recognition of the fact that its economy is incapable of competing with Japan and the newly industrialised countries.

A new study, "EEC protectionism: present practice and future trends," produced by Brussels-based European Research Associates argues that inability to cope with the import challenge is already spawning various forms of protectionism within the Community "which will end, sooner or later, in the economic and political Balkanisation of Europe."

The free trade option, says the report, no longer exists for the Ten because of the nature of the competition. The Japanese economy, and those of Eastern Europe and the Third World enjoy special advantages because they draw on social and political resources qualitatively different from those of Western Europe.

The costs of adjustment to this competition will be politically and socially unacceptable, involving the lowering of real wages and "a gradual impoverishment of the European economy."

The report, which contains a detailed analysis of EEC restrictive import policies already being applied in ten manufacturing sectors, urges a switch to "managed trade." This would be based on a continued commitment "to very high levels of international trade."

Confident Third World textile producers ready for MFA talks

BY KEVIN RAFFERTY IN HONG KONG

DEVELOPING COUNTRY textile producers go into next week's talks in Geneva on a renewal of the Multifibre Arrangement (MFA) with their confidence restored. They believe that the rich, industrialised countries will find it much more difficult to pick them off one by one, as has happened in the past.

In Hong Kong last month, 20 of the world's leading developing country textile makers, plus China as an observer, laid their plans for the next round of negotiations. The only big producer not represented was Taiwan. What the developing countries want to see is not just a relaxation of the restrictions against them, but the promise of a return to free trade.

They point out that the original MFA was an instrument "to promote on a sound basis the development of production and expansion of trade in textile products and progressively to achieve the reduction of trade barriers and the liberalisation of world trade of these products." These dreams have long disappeared over the horizon, and the developing countries think it is time for a new dawn.

The key question is whether the developing countries can maintain their unity. Without it, they are a motley and disparate group ripe for exploitation. They include Hong Kong and India, vastly different in size but both heavily dependent on textiles and clothing for export earnings. They also include countries from Asia, Africa, Latin America and Eastern Europe, and long-time textile producers like Egypt and Pakistan. New aspirants like Sri Lanka are there, too anxious to break into the market.

Developing country delegates are confident that they have worked out strong common positions. Sr Felipe Jaramillo, Colombia's ambassador to Geneva and chairman of the Hong Kong meeting, commented briskly: "I can say that the Hong Kong workshop has resulted in solid co-operation among us, never seen in the last 20 years."

On of the first points to be agreed was how to deal with the differing interests of the bigger producers, like Hong Kong and South Korea, and the smaller ones, like Sri Lanka. Cynics had said that the developing countries would soon be squabbling among themselves over the suggestion that the big producers should sacrifice some of their quotas to give more scope to smaller ones and newcomers.

The developing countries have agreed that there should be special treatment for the small producers — but not out of their quotas. They argue that the small exporters should be allowed to grow without restraint.

One of the delegates described this point of view: "When the industrialised countries say that some of the bigger suppliers should give up quotas to the needy, they are saying to the newcomers that because they are poor and smaller, they should have special treatment . . . . The Rich countries are hypocritical in pretending to be generous."

The developing countries are reluctant to reveal what size of exporter they think should be entitled to special treatment. Some believe there should be restraints until a producer accounts for 6 per cent or 7 per cent of developing country exports, but the group will probably be prepared to settle for a figure of 3 per cent as the trigger point.

If the developing countries can maintain their unity over the question of special treatment for the smaller members, they think they will be in a strong negotiating position. Individually, they are weak, and Hong Kong, one of the biggest textile producers, is even technically part of the protectionist

On the other hand, any renewed MFA without the signatures of the major developing country producers could hardly be recognised. There are powerful pressures on the industrial countries to renew the agreement: the Commission of the European Community is anxious to secure renewal because it gives power to Brussels; Washington has to have renewal before January 1 or it will face trading chaos.

Under U.S. law, textile restrictions come under section 204 of the Agricultural Act. This requires the backing of a multilateral agreement in the particular category before restrictions can be implemented. If the MFA is not renewed before 1982, then the U.S. Trade Act would automatically be triggered and Washington would have to restore all the tariff cuts on textiles provided for by the Tokyo Round. The alternative would be for new legislation specifically restricting textile imports.

Privately, delegates from the developing countries admit that the climate is not yet favourable for a return to free trade in textiles. Even the bigger developing countries gain from restrictions in that they help to keep markets orderly. What they want to see recognised is that their disruptive influence on the jobs and markets of the rich world is much less than usually recognised, while the disruptive impact of the industrialised countries' restrictions on them can be enormous.

Even with their new found unity, the developing countries expect a tough few months ahead. They stress that they have worked out a series of proposals which can simply be accommodated in the notes of interpretation of a renewed MFA or turned into textual points.

All the indications are that both the Reagan Administration in the U.S. and the EEC are looking for a more restrictive MFA. Asked to guess when agreement might be reached, one delegate to the Hong Kong meeting said: "I expect around midnight on December 23."

U.S. and Europe 'broke export undertakings'

BY OUR WORLD TRADE STAFF

A LEADING research organisation has accused the U.S. and the European Community of breaking basic undertakings to accept more exports of textiles and clothing from the developing countries.

The report claims that, as a result, a major dispute over basic trade issues was likely to characterise next week's talks in Geneva. It says that such a dispute is inevitable because the U.S. and other industrialised nations have forced the developing nations to accept tighter restrictions

The U.S.-based International Business and Economic Research Corporation says in a new report that by imposing increasingly protectionist controls on imports of textiles and clothing, America and Europe have failed to honour the "basic bargain" of the 1977 Multifibre Arrangement (MFA).

on their trade which "have destroyed the integrity" of the MFA.

Much of the report is concerned with the tight network of imports quota arrangements which binds the U.S. and the EEC to the International Textile Agreement worked out within the General Agreement on Tariffs and Trade (GATT). It rejects the claim that U.S. consumers and others have been hurt by the arrangements and argues that the American textile industry lobby in Washington has distorted data by alleging a $4.7bn deficit in textile and clothing trade in 1980.

It says that if all U.S. trade in textiles and related products—including U.S. exports of raw cotton and man-made fibres — were included, America last year had a deficit of only $53.m.

Government borrowing in June rose to £2.24bn

By David Marsh

THE CIVIL SERVICE dispute last month helped to push central government borrowing to £2.24bn, nearly £1bn more than in June last year, the Treasury said yesterday.

The central government borrowing requirement during the first three months of the financial year surged to £7.37bn, 60 per cent more than during the same 1980 period.

This is nearly two-thirds of the total of £11.5bn forecast in the March Budget as the borrowing figure for the whole financial year.

Without the dispute, borrowing last month would have been only about £1bn, less than the figure of £1.33bn in June last year, the Treasury estimates.

The dispute, which started in March, has held up about a quarter of Government reserve by delaying collection of taxes by the Inland Revenue and Customs and Excise and national insurance contributions.

Ministers maintain, however, that most of this will be collected when the strike ends, so there will be no permanent loss of revenue to the Exchequer.

Leaving aside the effect of the dispute, which has held up revenue of a net £3.25bn to £3.75bn so far this financial year, the borrowing requirement in the first three months of the year is put at roughly £4.1bn to £4.6bn, slightly lower than during the same period last year.

Although the Government hopes to recover delayed receipts later on, it is having to pay out additional non-recoverable sums because of interest charges on its higher borrowing.

Mr Leon Brittan, Financial Secretary to the Treasury, told the Commons in a written reply yesterday that the cost of interest was roughly doubling each month that the dispute lasted.

He said the extra interest cost had risen to £70m-£30m by the end of June and could increase to £140m if the dispute lasted until the end of July.

Central Government spending so far this year seems to be roughly in line with Budget forecasts, although this too has partly been distorted by the dispute. During April to June, spending by the Consolidated Fund, representing one of the main portions of central Government expenditure, rose by 9 per cent compared with the same period last year.

This compares with a Budget forecast of a 10 per cent increase for the whole financial year.

Reflecting the tax shortfall, Consolidated Fund revenue during the three months was 6 per cent less than last year, compared with a Budget forecast of a 14 per cent increase for the financial year.

Business start-up tax incentive improved

BY DAVID FREUD

THE GOVERNMENT yesterday announced a further round of major changes to make its proposed business start-up tax incentive even more attractive.

The key amendments will allow non-manufacturing businesses to qualify for the tax relief, and they also open up the way for funds to be channell to new businesses through investment institutions.

The changes were welcomed by earlier critics of the scheme, who said when it was introduced in the Finance Bill that there were so many restrictions that it was virtually worthless.

The basic mechanism of start-up relief allows investors in new businesses to offset £10,000 against their taxable income in the same way as mortgag interest payments are relieved.

After pressure from backbenchers in Parliament, business representatives and tax experts, the Government announced a first round of amendments a month ago to ease the restrictions.

The main changes on that occasion were to increase the amount of capital that could be relieved from 30 to 50 per cent and allow relief within the first five years of a new business being launched instead of three years.

Under the Concessions announced yesterday, the scheme is widened to take in wholesale and retail businesses, as well as manufacturers.

The minimum investment is reduced from £1,000 to £500, and the minimum will not apply at all where the money has been channelled through "approved investment funds." A clause allowing such funds to spread the investments over a number of separate start-ups has been tabled.

Finally, the amount of capital gains tax that may be computed on future disposal has been reduced.

Mr Walter Goldsmith, director-general of the Institute of Directors, said: "These are extremely important concessions. The start-up scheme is looking increasingly attractive and we will put our full support into making it a success."

Mr Malcolm Gammie, director of accountant Thomson McLintock's national tax office, said: "The Government has now moved in every major area in which there was criticism. The scheme is going to be relatively widely used."

Several investment trusts are believed to be interested in launching schemes taking advantage of the new concession. One of the earliest is likely to be a venture capital scheme from the Electra Investment Trust, which launched a similar abortive issue in April.

The Finance Bill should pass into law within a month, after which the Government is planning to bring out a leaflet explaining the scheme in everyday language.

On the Government's assumption that the start-up legislation will cost about £50m in lost taxation, the total investment in new businesses in a full year may be £75m to £100m, implying perhaps 400 new companies.

Lex Back Page

Attempt to resolve H-blocks crisis fails

By Stewart Dalby

THE INITIATIVE by the Irish Commission for Justice and Peace to resolve the hunger strike crisis in the H-blocks in the Maze Prison outside Belfast have collapsed. Two members of the five man delegation, however, travelled to Dublin yesterday for a meeting with Dr Garret FitzGerald, the Irish Prime Minister.

Dr FitzGerald, who is thought to have requested the meeting, is concerned about the H-blocks situation and has made it known he believes the British Government has a responsibility to try to get movement on the issue quickly.

In Belfast there was further violence after a young mother was killed by a plastic bullet fired by a member of the Royal Ulster Constabulary.

This was the second death since the death of hunger striker Mr Joe McDonnel, 30, on Tuesday.

Mr McDonnell was the fifth hunger striker to die this year. Eight more men, members of the Provisional IRA, or Irish National Liberation Army, remain on hunger strike. The next expected to die is Mr Kieran Doherty, who has fasted for 49 days. He was elected to the Irish Parliament in the general elections in June.

Mr McDonnell's death and the British Government's rejection of a document outlining possible prison reforms appears to have hardened the attitudes of the remaining hunger strikers. The document was drawn up by the commission and it was thought its recommendations could end the hunger strikes.

At a press conference in a West Belfast hotel, Mrs Bernadette McAliskey, chief spokesperson for the National H-Blocks Armagh Committee, called on the Government to meet a deputation of the committee with members of Sinn Fein and the Irish Republican Socialist Party.

Mrs McAliskey said: "Mr Alison (Minister of State for Northern Ireland responsible for Prisons), claims the Government is flexible. Then let Mr Alison meet a delegation of the National H-Blocks Committee."

whether the well, drilled in 1,449 f tof water on block 205/10, had encountered any hydrocarbons.

The British Government, represented by Mr Michael Alison, rejected the document drawn up by the commission.

Steel industry to renew bid for lower energy costs

BY ALAN PIKE

THE STEEL industry is to make a renewed effort to convince the Government that high energy prices still place it at a severe disadvantage against competitors elsewhere in Europe.

The National Economic Development Council iron and steel sector working party yesterday voiced concern about the "excessively high level" of industrial energy prices in Britain. "These prices impose an unacceptable burden on the iron and steel industry as it struggles to compete against foreign steel suppliers in its efforts to prevent import penetration and to win export markets."

Earlier this year a National Economic Development Office task forces report on energy prices showed that heavy industrial users in Britain, like the steel industry, suffered the greatest disadvantage.

The task force has been reconvened to examine changes in energy prices during 1981, and the iron and steel sector working party has commissioned an independent report on comparative energy costs of the European steel industry.

While the Government took some action on the task force's report, the sector working party regards the benefits which it brought the steel industry as "a serious disappointment." The working party "remains concerned that no action was taken or promised on the burden of fuel oil taxes, and that a clause in the Norwegian-British gas contract appears to stand in the way of this."

This year's estimated energy bill for British industry is £520m, and NEDO calculates that a reduction of £125m is still required to match prices elsewhere in Europe.

An investigation has shown that a British steel company is at an 8 per cent selling price disadvantage compared with one in Germany because of energy costs.

Steel production in Britain averaged 326,900 tonnes per week last month, the highest output rate since June last year when the British Steel Corporation was clearing a backlog of orders after the national steel strike. Last month's rate of output was 14.1 per cent above the May level, and 35.2 per cent higher than the poor average for the second half of last year. But production in the first six months of this year still averaged only 295,000 tonnes per week, compared with 421,300 tonnes in the first half of 1979.

● The EEC Commission yesterday gave formal approval to the establishment of Allied Steel and Wire, the joint company formed recently between BSC and GKN.

Royal denies doubts on proposed merger

By William Hall,
Banking Correspondent

MR JOHN BURKE, managing director of the Royal Bank of Scotland Group, has denied suggestions that some members of his board are having second thoughts about supporting the bank's proposed £500m merger with Standard Chartered.

The planned merger, and a rival bid by the Hongkong and Shanghai Bank for the Royal Bank, have been fiercely attacked in Scotland by groups anxious to preserve the independence of the Scottish financial community.

Mr Burke said last night that his board is quite united in wanting the Standard Chartered deal to proceed.

Both bids have been referred to the Monopolies and Mergers Commission which has to report before the end of October. Yesterday, the Royal Bank of Scotland was cross examined for five hours by the commission, which has now completed its first round of hearings. The main parties are expected to give further evidence and be recalled for further hearings in September.

The Royal Bank team was led by Sir Michael Herries, group chairman. It consisted of Mr Burke, managing director, Sir George Kenyon, chairman of Williams and Glyn's and Mr Sidney Proctor, chief executive of Williams and Glyn's. Mr Bill Dacombe from Williams and Glyn's also attended.

Hambros accused of conspiracy

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

HAMBROS, the merchant bank, was alleged in the High Court yesterday to have been part of an unlawful conspiracy to damage a subsidiary of Laurence Scott, the Doncaster-based mining-equipment company.

Mr Christopher Bathurst, QC, said the conspiracy involved so weakening the subsidiary, PPD Engineering, as to force Scott to sell it cheaply to a rival company controlled by two PPD directors.

When Scott's chairman, Mr Paul Tapscott, a senior partner in stockbrokers Montague Loebl, heard of the scheme he said "City ethics have reached a new low."

There was convincing evidence the conduct of Hambros and others justified that view, Mr Bathurst told Mr Justice Parker.

Scott and PPD are claiming damages against Hambros, the former PPD directors Mr Roy Ashman and Mr Henry Lally, and their company, Harland Simon (1980).

Hambros and its co-defendants deny conspiracy. They contest the action, expected to last two weeks.

Mr Bathurst said that in 1979 Mr Ashman approached Hambros, initially to persuade Hambros to provide finance to buy PPD from Scott. His proposals soon became a scheme to set up in opposition to PPD and to attract PPD's employees and customers, to oblige Scott to sell it cheaply.

Not only did Mr Ashman develop the scheme with Hambros in breach of his duty to PPD he also supplied Hambros with detailed information about PPD's finances so the bank could decide whether to finance the scheme.

Overlapping PPD's field of business was a company called Harland Simon, owned by a Swedish company, Asea. In late 1979 Asea decided to close down Harland Simon because it was losing money, which would have been to PPD's advantage, Mr Bathurst said.

Asea then decided to find a buyer for Harland Simon and approached PPD through Mr Ashman. Before reporting to PPD and Scott he contacted Hambros.

It had plainly been his duty to PPD not to help Harland Simon to survive, let alone help to revitalise it. However, he had actively set about persuading Hambros to help purchase Harland Simon for use as a base from which to attack and damage PPD.

Mr Bathurst said Hambros must have known the information from Mr Ashman was supplied in breach of his duty. Scott declined to buy Harland Simon but Hambros decided to do so.

"It is our case," said counsel, "that, but for breaches by Mr Ashman and Mr Lally, procured and induced by Hambros, there would never have been any decision to buy Harland Simon and finance this scheme."

Scheme to aid waterway freight carriage accepted

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH WATERWAYS Board's proposal that inland-waterway and canal-users should have access to grants, to encourage a switch of freight from roads to waterways, has been accepted by the Government.

The proposal was introduced in Parliament by Labour's Lord Underhill on Wednesday night, on behalf of the board. He tabled an amendment to the Transport Bill. Mr Norman Fowler, Transport Secretary, accepted it immediately.

Mr Fowler last month told MPs he accepted the argument that waterway facilities could in certain circumstances attract traffic which would otherwise go by road. However, the Government did not suggest an amendment to its Bill and the measure might have been lost if action had not been taken in the Lords.

The Board has pressed the Government for some time for canals to be treated in the same way as British Rail freight customers. These companies are eligible for grants of 50 per cent of the capital cost of new or improved rail sidings.

The qualification for these grants is that the sidings should cause a switch of freight from road to rail.

Under the amendment the Transport Secretary would make grants to provide facilities for freight-carriage and for the loading or unloading of freight carried or intended for carriage by waterway.

He would make the grants if he believed facilities would benefit a locality or some of its inhabitants, and the facilities would be provided in the locality or elsewhere.

The Bill is expected to become law later this month or early next month.

Capital projects available for grants under the amendment include cargo-carrying canal craft, inland waterway terminals, depots, access roads and equipment for loading and unloading freight.

Applicants for grants would have to show a navigation authority had approved proposed freight facilities. The Transport Secretary would keep powers to impose terms and conditions on grants.

Transport company doubles its surplus

THE NORTHERN IRELAND Transport Holding company more than doubled its pre-tax surplus to £4.3m in the year to the end of March on a turnover up by £8.3m to £44.2m, the company said in its annual report published yesterday.

The state-owned company runs buses, the Northern Ireland Railways and airports, including Belfast Airport at Aldergrove. It also has property and investment interests.

In its report to the Department of the Environment for Northern Ireland, the company said that the satisfactory increase in the pre-tax surplus was mainly a result of the return of the bus companies to significant surplus after difficult trading conditions the previous year.

Conglomerate mergers trend reversed

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE RECENT trend towards more conglomerate mergers has been reversed, according to new statistics published by the Office of Fair Trading.

Last year, 31 per cent of all mergers were diversifying or conglomerate mergers, where one company takes over another in a different area of business. In 1979 this figure was 42 per cent and in 1978 34 per cent.

However, conglomerate mergers accounted for an increased share of assets and some 31 per cent of all assets acquired in 1980, compared with 28.5 per cent in 1979.

The reversal of the trend is in line with the Government's viwe. Mr ohn Nott said in a major policy speech last year when he was Trade Secretary, that the acquisition of a successful company by a large and unrelated business "merely shopping around when flush with funds" could have detrimental effects.

This could include the imposition of a bureaucratic management style and a distortion of the market by different companies in a conglomerate group subsidising other group companies.

Mr Gordon Borrie, Director-General of Fair Trading, agrees in the latest OFT annual report with a recent Monopolies and Mergesr Commission report which suggested that conglomerate mergers could lead to a loss of performance and financial information about the acquired company.

However, it seems unlikely that the Government will introduce any new merger legislation in the present Parliament.

The OFT's figures show that in 1980 there were a total of 182 mergers with assets acquired totalling £22.3bn. Two-thirds of these were horizontal mergers.

The financial sector had most mergers (51 with assets totalling more than £15bn), followed by the distribution sector (21 worth £1.1bn).

Houlder wins Morecambe gas field contracts

By Martin Dickson,
Energy Correspondent

CONTRACTS INVOLVING a large and innovative drilling programme to develop the British Gas Corporation's Morecambe Bay, Lancashire, offshore gas field have been awarded to Houlder Marine Drilling, part of the Furness Withy group.

The contracts, thought to be worth nearly £50m, to bring about £150m the value of orders placed so far in connection with the Morecambe field which is expected to cost £1bn to develop.

The Morecambe field, due to come on stream in 1984, is estimated to contain 5 trillion cubic feet of gas. Production is expected to be 1.2bn cu ft a day by 1986, and might eventually rise to 1.8bn cu ft a day.

● The British National Oil Corporation has abandoned a well it had been drilling in deep waters west of the Shetland Islands because of damage to the wellhead.

£12,500 for old casket

SALEROOM

BY ANTHONY THORNCROFT

A SMALL CASKET bought for a few pounds in a Glasgow junk shop last year sold for £12,500 at Sotheby's yesterday to Brissigotti Antiques, the London dealer, who has to pay an extra 11.5 per cent in buyer's premium and VAT. It proved to be a Limoges reliquary casket made around 1250 and is important because it carries one of the earliest depictions of St. Francis of Assisi.

The auction of works of art totalled £356,602 but with 30 per cent bought in. The top price, within forecast, was the £36,000 from Mansour, another London dealer, for a rare early Christian double-sided gold medallion produced in the eastern Mediterranean in the 6th-7th centuries. A Della Robia glazed pottery roundel of around 1500 bearing a portrait of Augustus went for £14,000 and Mrs. Baer, of London, paid £10,000 for a large Malines alabaster relief of the Resurrection of around 1600.

The decorative fans and lace collected by Queen Victoria's granddaughter, the late Princess Alice of Athlone, who died in January aged 97, sold for £5,714, at Phillips yesterday, roughly double the estimate. The top price was the £580 paid for an Edwardian gilded mother of pearl fan given to the Princess in 1901 by the Queen Mother of the Netherlands. A 19th century Flemish fan, the gift of the Queen of Spain, realised £370.

Top price at Christie's yesterday was the £24,000 paid for an antique silk Kashan carpet. In the Old Master drawings sale at Sotheby's in the afternoon a chalk drawing of the Holy Family with two angels by Alessandro Algardi sold for £11,200, way above forecast, while a Tiepolo drawing of a bishop and priests made £7,800.

Rolls-Royce gains tank engines order

ROLLS-ROYCE MOTORS' Military Engine Diivsion, at Shrewsbury, has been awarded a £20m contract from the Ministry of Defence for engines and spares for the British Army's new Challenger main battle tank.

This is a follow-on order to a similar contract on which Rolls-Royce Motors is already engaged, and will provide continuity of work for the company's Military Engine Division.

The engines will be Condor 12V-1200 diesels. Delivery will start next year and continue into the mid-1980s. Other main battle tanks use Rolls-Royce Condor diesel engines, but Challenger will be the first to enter service with the British Army using Rolls-Royce diesel engines.

Gatwick development

A GATWICK station concourse for airline passengers was opened yesterday by Sir Peter Parker, the chairman of British Rail. The development is in the first stage in a £10.8m project to modernise the rail-airport interchange at Gatwick. When the scheme is completed at the end of next year airline passengers arriving and departing from the station will be segregated completely.

Japan aids project

OSAKA GAS, a large Japanese utility, is to invest £2.8m in a £6.5m British Gas project to develop substitute natural gas (SNG) from heavy oil.
MACH 51

The British Gas research station at Solihull in the Midlands is investigating the conversion of heavy oil, a thick treacly substance with limited uses, into more versatile SNG, using fluidised bed hydrology.

Stelrad to shut boiler plant

SOUTH YORKSHIRE'S worst jobless blackspot, the Mexborough area (unemployment rate 20.6 per cent) received another blow yesterday. The Stelrad Group, a Metal Box subsidiary, said it would close a boiler-making plant with the loss of 260 jobs in September.

Stelrad blamed closure on the recession, a decline in housebuilding, lack of demand for domestic boilers and the Gas Board's decision to stop advertising central-heating. A radiator plant on the same site, Swinton near Mexborough, employing more than 250 people, is unaffected.

Four English wines win approval seal

FOUR English wines have won this year's special seal of approval, the equivalent of the appelation controlee mark used on quality French wines.

Ulster 'needs 50,000 more homes'

BY OUR BELFAST CORRESPONDENT

GOVERNMENT expenditure policy was forcing the Northern Ireland Housing Executive to conduct its business in a way which would bankrupt even a bucketshop. Mr Charles Brett, its chairman, said yesterday.

Mr Brett said the executive, which controls all the Province's public-authority housing, needed to build another 50,000 homes in the next decade if it was to overcome Ulster's housing problem.

He said he still awaited an answer to the crucial question of whether the Government accepted the principle that different parts of the UK were entitled to parity of minimum housing standards. If this was accepted, what was the Government doing to put it into practice, and when?

Mr Brett called on the Government to agree to a long-term housing programme and a budget to support it. The past two years had seen a succession of spending cuts and shifts in budget allocations which left the Housing Executive reeling.

"At the moment we are forced to conduct our business in a hand-to-mouth, day-to-day kind of way which would send even a bucketshop into instant bankruptcy," he said.

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The percentage of homes without inside lavatories had been reduced to 2.2 per cent in Leeds but in Belfast still stood at almost 25 per cent, he said.

● About 240,000 homes in London lack at least one basic amenity, such as an inside lavatory or a fixed bath, according to the Greater London House Condition Survey, published by the Greater London Council yesterday.

The survey is the first full report on London's housing since 1967. It found that 25 per centof the capital's homes were unsatisfactory in some respect.

TUC calls for urgent action on inner cities

BY NICK GARNETT, LABOUR STAFF

BRITAIN'S URBAN policy is in shreds and urgent action is needed before more inner city areas became "battlegrounds," Mr Len Murray, TUC general secretary, said yesterday at the unveiling of a TUC policy document on urban renewal.

The 20-page document, Regenerating Our Inner Cities, which calls for a £500m increase in the urban aid budget for 1981-82, encompasses TUC policy and research over more than a year.

Mr Murray said recent rioting, which had in large measure been predicted by union leaders, highlighted the urgent need for action. The Goverment's "divisive" policies had not in themselves created social unrest, but had greatly exacerbated the effects of "dereliction and despair" within the inner cities.

The document has been sent to a number of Government ministers, TUC regional councils and local authority associations. Mr Murray said the TUC might meet ministers to discuss urban renewal.

The document says cuts in public resources for the inner cities must be restored, the public sector must form the main vehicle for regeneration and partnership, area status should be extended.

It argues that direct involvement in job creation by joint partnership projects must be widened, local authorities should have long-term employment strategies — including the financing of new businesses through local enterprise agencies — and that there should be more skill centres and training programmes.

Representatives of ethnic minorities and voluntary groups should be more involved in these projects. On social issues, the TUC argues for expansion of nursery education, greater resources for education, health and transport and, as a first step towards a long-term housing programme, 50,000 new homes should be built and 125,000 houses renovated in the inner cities.

Reviving the riot-torn centre of Liverpool

Rhys David on a lane redevelopment plan

PLANS to devote large areas of land for industrial, leisure and residential development close to the riot-torn centre of Liverpool were unveiled yesterday by the Merseyside Development Corporation. The body was established earlier this year by the Government to revive the city's redundant dockland.

The corporation—sister to a similar organisation covering London docks—will, subject to parliamentary approval, acquire ownership on Saturday of 500 acres of land, mostly on the Liverpool side of the Mersey. It says it has almost 50 schemes already identified and waiting to be started.

A total of £17m has been voted to the corporation for the current year, a large part of which seems likely to go on land acquisition. An application for bigger funding next year was made recently.

The corporation is expecting to act mainly as a pump primer, improving the dockside infrastructure and attracting private capital to embark on development schemes.

The difficulties of the scheme are likely to have been exacerbated by the events of the past week, says Mr Leslie Young, chairman of the Corporation and also of one of Merseyside's biggest companies, the Bibby Group. "They make it that much more important, however, that we succeed," he added.

The plans unveiled by Mr Basil Bean, the corporation's chief executive, cover three main dockside areas, Bootle Wirral, and Liverpool's South docks. He promised a visual impact as well as a modest alleviation of the unemployment in the area within 18 months.

Bootle is close to the Royal Seaforth terminal where the Mersey Docks and Harbour Company is concentrating most of its activities. Efforts will be made in the area to market plans for port-related industry but, if these fail, other developments will be invited. On the opposite Wirral bank of the Mersey, the corporation is planning to undertake a programme of land reclamation, releasing land for industrial, commercial, recreational and residential development.

The most important contribution will be the opening up of Liverpool's now disused South Docks for a variety of uses. The land stretching for several miles along the Mersey south from the Pier-Head had been effectively shut off from the rest of the city by dock operations, all of which have been transferred further down river.

The corporation's plan, coupled with road developments in the area, would extend the boundary of the city to the river front, it is hoped, and create new amenities for local people including those in the neighbouring Toxteth area.

The plans include the restoration of deep water for some of the bigger docks, enabling visiting naval and other vessels to be accommodated again. The work will involve the rebuilding of some locks.

Shallow water will be withdrawn in some of the other docks — al of which are badly silted up — so that they can be used for pleasure purposes. Buildings in the area will be refurbished where possible, and some converted to residential accommodation.

New factory accommodation will also be provided. Part of the area will be reserved as open space. A river site promenade is to be built.

The corporation was created by the Government to break the stalemate over land development in Liverpool — where thousands of acres are owned by public bodies such as the Docks Company and British Rail. The Port of Liverpool is under obligation to use the proceeds of land sales to pay off debenture holders who lost money when the previous port authority went bankrupt 10 years ago.

As a result, is has been reluctant to release land at depressed prices. The district valued will now decide, however, the payment it should receive for transferring land to the corporation. Apart from the 500 acres which the corporation is acquiring this weekend, the designated area covers a further 365 acres, some of which is the subject of negotiations between the port and other possible buyers.

The corporation's success is likely to depend on the enthusiasm with which private sector developers respond to the infrastructure improvements it will be making. It faces strong competition from the new towns in marketing its sites but, Mr Bean said, he was confident the riverside was an asset which would prove very attractive.

Work on some of the scheme is starting immediately. The overall programme is expected to take about eight-nine years. The £17m made available to the corporation—mainly in grants and loans—is on top of a similar sum which the Government is providing this year to the Liverpool inner city partnership for schemes in areas like Toxteth.

Rank reorganises

THE Rank Organisation is to bring together its industrial manufacturing operations in an Industrial Division. Its managing director will be Mr Geoffrey Deith, formerly head of Rank Toshiba, the television manufacturing company which closed in March.

Apology to auditors

LONDON CHARTERED accountants Hays Allan were given a public apology in the High Court in London yesterday over a newspaper article which mistakenly named them as defendants in a pending legal action.

In March, the Daily Mail diary said that Brooks's, the St James's club, was suing its former auditors over a deficit in the club's accounts said to have resulted from misappropriation by a former employee. Hays Allan were wrongly named as the auditors. Hays Allan had been appointed auditors to Brooks's after the deficit came to light.

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Dan-Air accident 'due to locked elevators'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE ACCIDENT to a Dan-Air British Aerospace 748 airliner at Sumburgh airfield in the Shetlands on July 31 1979—when the aircraft plunged into the sea off the end of the runway with the loss of 17 lives—was due to locked elevators which prevented the aircraft from taking off.

The BAC 748 has a mechanism called a "gust lock" that prevents the elevators from being moved while on the ground, especially in turbulent conditions. The gust lock has to be released prior to take-off to enable the elevators to work and to allow the aircraft to take off.

The report from the Department of Trade's Accident Investigation Branch suggests that in the Sumburgh accident "it is likely that the elevator gust-lock became re-engaged during the pilot's pre-take-off check, and that this condition was not apparent to either pilot until the take-off was so far advanced that a successful abandonment within the over-run area could not reasonably have been made."

The problem with the gust-lock mechanism probably was due to some "non-standard repairs" carried out on the mechanism before the aircraft was acquired by Dan-Air (from an Argentinian operator), and before it was put on the British civil aircraft register. Dan-Air did not make any non-standard repairs to the aircraft.

As a result of the accident, and the AIB's report, various steps are being taken by both British Aerospace and Dan-Air to prevent any recurrence.

At the CAA's request, British Aerospace is providing a visual warning of the individual positioning of the gust-lock lever in all 748 aircraft.

Dan-Air said it is making more frequent maintenance checks of the gust-lock mechanism on all its 18 BAe-748s.

Dan-Air welcomed the AIB report's recommendation that serious consideration be given to the re-design of the gust-lock system, to ensure its positive operation at all times, and to eliminate the possibility of the crew being misled as to its setting at any time.

● The Public Planning Inquiry into the British Airports Authority's plan to develop Stansted Airport, Essex, to the level of 15m passengers a year, is to start on September 29 at Quendon Hall, Quendon, Essex.

This is a postponement from the original starting date of September 15 so as to enable additional pre-enquiry discussions

British Caledonian in link with U.S. airline

BY OUR AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways, the independent airline, has reached an agreement with Eastern Airlines of the U.S. for commercial, marketing and operational co-operation.

This deal will combine the two airlines' networks, through the inter-change point of Atlanta, Georgia.

From September 1, Eastern will take over ground handling and passenger services at Atlanta for British Caledonian's six DC-10 flights weekly from London Gatwick.

At the same time, the two airlines will implement a marketing agreement whereby British Caledonian will promote and sell Eastern's U.S. domestic flights in Britain and Eastern will market the British Caledonian Atlanta-London service throughout the U.S.

London Gatwick will appear in Eastern's timetables as one of its destinations. In British Caledonian's timetables all onward connections from Atlanta will be exclusively by Eastern.

The agreement will make available to British Caledonian's passengers Eastern's cheap "Discover America" fare throughout its network.

British Caledonian is to offer a new cheap stand-by fare of £99 single on its routes from Gatwick to Atlanta, Georgia, and St Louis, Missouri, from July 15.

The airline is also freezing at April 1 levels all its other promotional fares to North American destinations, with some reductions.

The new stand-by rates, which apply until September 15, replace former stand-by rates of £160 to Atlanta and £150 to St Louis. British Caledonian says they are among the lowest air fares per mile anywhere in the world.

● Scimitar Airlines, an all-cargo operator, has applied to the Civil Aviation Authority for restoration of its route licences, lost when the company passed into the hands of a receiver in September as a casualty of the recession.

Since then, the company has been kept alive by leasing its equipment—two Boeing 707 freighters—to other airlines with cargo capacity shortages of their own. This gave Scimitar's executives time in which to seek finance to buy it out of receivership and re-launch the company.

In March, Mr Mirza Hadi, head of the Hadi Group, injected a "substantial sum" into Scimitar. Mr Hadi is now chairman of Scimitar, and Mr John Sawyer is managing director.

The CAA next week opens a public hearing into Scimitar's application. The airline employs about 40 at its Lowfield Heath base near Gatwick. If its application is successful, it will take on another 20 personnel—mostly those who were made redundant last autumn.

BA attacks scheme for rival service

By Michael Donne

BRITISH AIRWAYS believes that any rival air service introduced to the Heathrow-Glasgow and Edinburgh routes would not be economically viable, and any benefits to air travellers would be "short-lived."

The airline was commenting yesterday on plans by British Midland Airways (BMA) to seek a rival operation to the shuttle on the Heathrow-Scottish routes. Public hearings are due to start in London by the Civil Aviation Authority next week. BA considers the BMA scheme "totally unrealistic."

"BMA will not be able to operate profitably on these routes and the effects of its operations will be to push British Airways from profit to loss, and to push British Caledonian, already operating at a loss on the routes, into deeper and possibly unacceptable losses," says BA. British Caledonian operates between Gatwick and Glasgow and Edinburgh.

BA claims that British Midland has based its case on inflated traffic forecasts and unrealistic yields from the fares it proposes.

BMA expects an annual 15 per cent growth in traffic on the Glasgow route, "when, in reality, the past five years has only seen an increase of 1 per cent per annum."

Philip Bassett highlights an 'astonishing' political shift in the NUR

Railmen's union shunted to the Left

BRITISH RAIL, beset by financial problems, is facing another difficulty: at its annual conference at St Andrews which ends this week, its largest union, the National Union of Railwaymen, has finally displayed in public one of the most astonishing political turnarounds in recent trade union history.

Mr Michael Foot, the Labour Party leader, who addressed the conference on Monday, studiously avoided touching on the issue of the deputy leadership of the Party—upon which the union delivered its decision on how its 165,000 block vote would be cast, following a secret ballot of its 77 conference delegates.

Mr Foot's care to avoid the subject may have been prompted by the possibility—unthinkable even as recently as the last election but seriously regarded by the leaders of the union—that it might go to Mr Tony Benn rather than Mr Denis Healey.

While certainly there were few confident predictions in St Andrews before the vote was announced, what was clear was the feeling of NUR leaders that putting the decision to the conference was the best hope of the vote going to Mr Healey. They believed that if the issue had been put off to be decided by the union's 26-man executive committee, the chances of it going to Mr Healey were slim.

This unheralded shift in the political complexion of the union and its executive is all the more remarkable in that for long the NUR has been regarded as one of the staunchest supports of the Right, both in the Labour Party and in the TUC.

The NUR has had previous bouts when the Left has held power. For three years from 1943, for instance, the union's policy was for a gradual unification of the Labour and Communist parties.

Its rules list as one of its objectives "the supersession of the capitalist system by a Socialistic order of society." But the NUR in the main has been close to the Labour Right—from Mr Jimmy Thomas at the time of the General Strike, under Lord (then Mr Sid) Greene from the late 1950s to the early seventies, and since then under its present general secretary, the determined Mr Sid Weighell.

The union for long has been the champion of such broadly Labour Right ideas as a planned approach to incomes, which finally won the approval of last year's TUC Congress, and is now taking formal shape under the hand of the TUC-Labour Party Liaison Committee.

Scathing attack on Trotskyists

The present shift to the Left in the NUR, which has been publicly charted by a number of key Left-wing resolutions passed by the Conference—withdrawal from the EEC, nuclear disarmament, and on shifting the union from its moderate position on the electoral college for the Labour Party leader—would perhaps not be so surprising if Mr Weighell's opposition to the Left were not so strong.

As delegates assembled last week for the start of the conference, Mr Weighell's annual political report caused a major storm because of its uncompromising attack on Trotskyists in the Party, for the "contempt they express towards parliamentary and other democratically-elected institutions" and for their "determination to convert the Labour Party into a Bolshevik-style organisation paving the way for physical confrontation on the streets."

Mr Weighell's scathing criticism of such groups, and in particular the Militant Tendency, will have the formal result of a motion from the NUR to this year's Labour Party conference, calling for the return of the proscription of organisations whose politcal beliefs are incompatible with Party membership.

The motion to the Party conference stems from a resolution on the issue approved by last year's NUR conference, when the Left vote was considerably smaller. It is thought it might not have been approved by this year's annual meeting.

Mr Weighell is keeping up the pressure against the Left within the NUR. Just before conference began, he issued a confidential circular to the union's branches and district councils on unofficial literature being distributed within the union by a broad Left coalition.

He declared these unofficial circulars seeking to influence union policy-formation to be "entirely unauthorised" and therefore contrary to NUR rules.

"Accordingly, they should be ignored, and have no place on the agenda of branch or district council meetings. Further, union funds must not be used in connection with these unofficial bodies. If you have received any such publications, I should be obliged if you would inform me," his circular says.

The final invitation ties in with a further communication to the known organisers of the broad Left group, asking for an explanation. Union leaders intend, if necessary, to call those responsible before the executive for disciplinary action.

However, that big stick of the union's executive is no longer the formidable weapon it was for Mr Weighell.

The institutionalised shifts in the NUR executive — the union elects members for only three years, which results in continual annual movement — have seen an increase in the Left's strength over the past two years.

Accordingly, there have been a number of more hard-line decisions taken than in the past and Mr Weighell has been having an increasingly rougher ride.

At an executive meeting at the end of last year, Mr Weighell only succeeded in preventing a call being made for immediate national strike action over investments in British Rail after 11 hours of argument.

Mr Weighell suffered a major defeat earlier in the year. He and other rail union leaders had agreed a two-stage pay deal giving 20 per cent increases, but with a commitment to a timetable of improvements in productivity.

Approval of the deal by the union executive was regarded by some—perhaps none more strongly than Mr Weighell—as something of a formality. However, the NUR executive rejected it by 21 votes to 6.

Determined fight from Weighell

Left-wingers now believe they can command a majority on the executive. Some put the loose grouping of five to seven Communist Party members, Left Labour and others at about 14 or 15 of the 26-strong committee, although others deny such formal divisions exist.

The string of upsets by the executive has raised speculation that Mr Weighell, now 59, may be ready to bow out early. He warned last week, however, that it would take more than a rough ride to force him to abandon his post.

Left- and Rightwingers in the union are already gearing themselves up for a crucial election due in the autumn. Though nominally for the post of one of the union's three assistant general secretaries, following the retirement due at the end of the year of Mr Frank Cannon, the victor would be well placed to succeed Mr Weighell if he retires at 65 because of the age of the other senior officers of the union.

The favourite in a four-horse race is thought generally to be Mr Jimmy Knapp, the union's South East divisional officer, chairman of the South East region of the TUC and recently chairman of the People's March for Jobs.

Though the election seems at the moment to be based more on industrial rather than political grounds, fringe political groupings are unlikely to be slow to latch on to it. The first real shots in what is likely to be a campaign of increasing concentration on the unions were fired last week by the Militant group, which coupled a number of fringe meetings around the conference with the issue of a major document detailing the Militant strategy for the union, called "A Fighting Programme for the NUR."

The 26-page booklet rejects the often-productive joint approaches by British Rail and its unions to government. It calls in issued amendments for a minimum wage of £90 a week on the railways—a proposal calling for this 53.2 per cent increase on the present lowest rate was tabled but not put in last week's pay debate—and, significantly, calls for radical changes in the structure of the union.

Not to be outdone, a few days after the publication of the Militant document, the National Rails Advisory Committee of the Communist Party distributed outside the conference hall its programme to defend the railway industry from the "vicious attack" of the Government.

The spectacular, if unsung, Leftward move on the NUR could be only temporary.

In any event, the effects of the shift have been felt and are continuing to be felt by British Rail, which has long had industrial relations problems with the Left-led train drivers' union ASLEF. As one senior British Rail official put it last week: "I just don't see why people can keep calling the NUR a moderate union any more."

British carpet sales at all-time low last year

BY JAMES McDONALD

LAST YEAR was the worst trading period fo rthe UK carpet manufacturing industry, says the annual report of the British Carpet Manufacturers' Association published yesterday.

British carpet sales fell from 164 sq metres, worth £632m in 1979 to 138m sq metres, worth £544m last year, a 16 per cent drop in volume and a 14 per cent drop in value.

Sales abroad slumped in volume by 28 per cent from 29m sq metres in 1979 to 21m sq metres in 1980, and in value by 19 per cent from £113m to £91m. Imports, on the other hand, rose by 40 per cent in volume over the two years from 23m sq metres to 32m sq mertes, and by nearly 30 per cent in value from £82m to £107m.

Mr A. G. Roden, president of the association, which represents about 80 per cent by turnover of UK carpet makers, says in the report that he expects the economic recession will continue to be felt in Britain for another year, with no significant improvement for the carpet industry until mid-1982.

The industry's workforce, excluding Northern Ireland, contracted by over 25 per cent during the year to 23,300 employees. This was attributed to the recession and reduced consumer demand as well as the move from a Labour to a capital intensive industry.

Mr Roden said high energy and raw material feedstock costs, reflecting the rise in world oil prices, last year placed British manufacturers at a disadvantage compared to rivals such as the U.S. and Canada.

The British furniture industry has launched an advertising campaign to promote furniture sales on a generic basis.

Manufacturers and retailers have been reluctant to provide financial backing for the campaign.

Shoe makers join to fight rising imports

By James McDonald

FOOTWEAR manufacturers and distributors have formed a discussion panel, aimed at improving British footwear and fighting rising imports.

The panel is chaired by Mr John Cortis, chairman and joint managing director of Mobbs Miller, which makes shoe lasts. Manufacturers on the panel met multiple and independent distributors in London this week at the National Economic Development Office.

The discussion centred on increasing the competitiveness of UK footwear in variety, price and consumer appeal through exchange of views on potential consumer requirements.

After the meeting, Mr Cortis said some of the reasons given by distributors at the meeting for importing particular types of footwear would help domestic manufacturers strengthen their market share in the face of competition from Korea, Taiwan, Brazil, Italy, Spain, Hong Kong and Poland.

NHS 'should come off the defensive'

BY GARETH GRIFFITHS

THE National Health Service should come off the defensive when it is attacked and point out the drawbacks of other systems of health care, a group of consultants argue in a pamphlet published yesterday.

The consultants argue that the NHS is less costly to run than other health care systems and that the UK spends a smaller percentage of gross domestic product on health care than France, West Germany, Sweden and the U.S.

Administrative costs in the NHS amount to 6 per cent of the total costs compared to 12 per cent in France and an estimated 21 per cent in the U.S., where insurance packages are sold and doctors bills paid according to an expensive fee schedule.

The study by the NHS Consultants' Association, a group of 200 consultants strongly committed to a national health service, has already received backing from health service unions. The association is worried about the increasing trends towards private medicine in the UK.

The association says the NHS is unusual in the wide range of services it provides. It also argues that commercial medicine can lead to an increase in high cost technology and services which are often unnecessary.

What's Good About the NHS? NHS Consultants Association discussion document.

Hitachi loses in bulk carriers claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

HITACHI SHIPBUILDING and Engineering Company has failed in its attempts to get security for its costs of the arbitration of a dispute between it and Viafiel Compania Naviera, a Panamanian shipowner.

The Court of Appeal dismissed Hitachi's appeal against the refusal of a Commercial Court judge to order VCN to lodge security.

In the arbitration, each side alleged wrongful repudiation of a contract under which Hitachi agreed to build two bulk carriers and a tanker for VCN.

Hitachi claimed between \$17m and \$18m. VCN counter-claimed \$79m.

Hitachi contended that VCN was alleging that the vessels did not conform with the contracts, and that meeting that allegation would involve Hitachi in vast expense—its probable costs of the arbitration being about \$1m.

VCN argued that the issue arose only in the context of its defence to Hitachi's claim, and was not the basis of the counterclaim.

Accepting VNC's argument, Lord Justice Donaldson said that security for costs was granted only to the defendant

Although Hitachi was defendant to the counterclaim, both claim and counterclaim stood or fell together—therefore, as Hitachi had initiated the arbitration, it was not entitled to security.

Building pay rate backed

BY PAULINE CLARK, LABOUR STAFF

HOPES FOR A national site agreement in the mechanical construction industry were raised significantly yesterday when a delegate conference of the engineering construction union voted "overwhelmingly" to accept a draft scheme setting a universal hourly pay rate at £2.77 for skilled workers.

delegate conference of the con-

The decision by an 80-strong struction section of the Amalgamated Union of Engineering Workers means that a major hurdle has been overcome towards plans for implementing a national agreement by November.

The agreement of the union, which represents about 75 per cent of the 35,000 men who work on large power station and oil refinery construction sites, was crucial to the early introduction of a national agreement. It is expected to influence strongly decisions still to be taken by the remaining unions involved.

Mr John Baldwin, general secretary, who has made the achievement of an agreement which would end the long history of industrial strife on large sites a personal campaign over the past three years, yesterday hailed the decision as "a major breakthrough."

The union executive had unanimously recommended the draft scheme. But until yesterday's conference in Buxton, Derbyshire there were fears of opposition to the proposed £2.77 rate as being not high enough.

Mr Baldwin said that engineering construction workers were now ready to play a full part in industrial reform on large sites and in encouraging investment.

The draft proposals cover the establishing of a national joint council for the industry and the provision of a national framework for incentive bonuses.

The Engineering Employers' Federation and the Oil and Chemical Plant Contractors' Association, the two big employers' national organisations, are at present consulting their members on the draft scheme. It is hoped that agreement with other unions can be achieved by August.

Mr John Porter, the director of the EEF's national engineering construction group representing some 300 employers, said he was "very pleased indeed" with the AUEW decision. It was an encouraging pointer to the outcome of consultations taking place among the other unions involved, including the Transport and General Workers' Union and the General and Municipal Workers' Union.

Under the present plans, existing large site agreements, such as on the Isle of Grain—the centre of a major dispute last year over "laggers" bonus payments and of a serious inter-union row over the issue—would eventually come under the control of the new NJC. But where rates were higher than the national agreement they would have to be phased into national uniformity.

One of the key aspects of the proposed national agreement, however, is that bonus payments—which have so often in the past caused industrial disputes on large sites—will be monitored and tied to work performance much more strictly than in the past.

Engineering contractors seek more union liability

BY NICK GARNETT, LABOUR STAFF

TRADE UNION funds should not be immune from penalties for illegal industrial action when the union has not taken all reasonable steps to end the action, according to the Federation of Civil Engineering Contractors.

The federation says in its evidence to the Government on the trade union immunities Green Paper that there should be a scale of financial penalties with a statutory maximum.

A similar, more tenative proposal, was made by the National Federation of Building Trades Employers.

The civil engineering contractors' submission, which calls for far reaching changes in employment law is much firmer in most of its evidence than the builders.

The contractors do not emphasise—as the builders do in their submission—that on the deeper, long-term issues, consensus from all sections of industry should be achieved. The builders said that without consensus law changes will fail to work or be repealed by a Labour Government.

The contractors say trade unions could be induced to change their structure and rules to enable them to exercise better control over their members and officials.

They say that financial immunity should be removed from all secondary industrial action and secondary picketing.

The contractors also want procedures for settling disputes made legally binding so that industrial action before such procedures have been exhausted would be unlawful.

It wants union labour-only contract clauses and closed shop agreements outlawed.

Accord on industrial democracy

MOVES TOWARDS a common approach to industrial democracy by the Labour Party and the TUC advanced yesterday with broad agreement by a liaison committee established by the two bodies to pursue the basics contained in a policy document studied at its meeting.

The basic elements now being discussed by the group were rejected last month by the biennial conference of the Transport and General Workers Union.

There were no representatives of that union at the liaison committee meeting.

The document on industrial democracy lays out a strategy for greater union involvement from the shopfloor upwards—rather than from the company board downwards.

Words of advice for Gormley's successor

BY CHRISTIAN TYLER, LABOUR EDITOR

MR JOE GORMLEY, retiring president of the National Union of Mineworkers, yesterday fired a starting gun for one of the most important trade union elections of the 1980s. It could raise Mr Arthur Scargill, Marxist president of the Yorkshire miners, to the summit of the British trade union movement.

Mr Gormley bowed out from his eleventh and final annual conference of the union, on a wave of affection and goodwill which included his political opponents on the Left. He was given a long and emotional ovation as he closed this year's conference in Jersey.

Given the approval of the union's executive committee next week, nominations for the national presidency will be taken in November and the election—a ballot of all 256,000 members—in December or January.

Mr Gormley said he wanted to give his successor three or four months running-in and would step down before the conference next July when he would be 65.

The contest will be between Mr Scargill, who launched his campaign unofficially 12 months ago, and a fellow Yorkshireman, Mr Trevor Bell, the moderate secretary of the union's white collar section and former head office advisor to the president.

It is widely expected that despite Mr Bell's abilities, he will be no match for Mr Scargill.

Mr Gormley will be leading the union in the autumn pay negotiations, and in the campaign for the Vale of Belvoir coalfield in Leicestershire. On either score his presidency could still end with the kind of struggle that he had tried to avoid during most of his ten years at the top.

He hopes to mark the end of his reign with an international conference of miners' unions to debate nuclear disarmament and form a worldwide lobby in December.

Mr Gormley had a few words of advice yesterday for his successor—words apparently aimed at Mr Scargill: "He needs an area where he has a strong power base. He needs to create a power base in the national headquarters. He can only do that by appearing to be for his members and his members' families."

Mr Michael McGahey, vice-president of the union, said the best tribute to Mr Gormley was that he had left the union "stronger than ever."

Mr Gormley may make one more appearance on the presidential platform if the executive carries out the instruction of the conference this week to recall the delegates to debate the National Coal Board's pay offer when negotiations are completed in the autumn.

● Britain's miners could price themselves and other workers out of jobs by high wage demands, Mr David Howell, Energy Secretary, said last night.

His remarks follow this week's decision by the NUM to press for pay rises of about 24 per cent in the coming wage round.

'Cheap' loans proposed

BY CHRISTIAN TYLER

TRADE union trustees on the mineworkers pension fund, the major constituent of one of the biggest funds in Britain, are to ask whether up to 5 per cent of the £1bn of assets can be converted into cheap loans to industry to encourage coal burning.

Delegates to the annual conference in Guernsey of the National Union of Mineworkers yesterday unanimously approved a motion asking the trustees to raise the question. NUM officials make up half the board of trustees.

Mr Peter Heathfield, area secretary of Derbyshire miners who proposed the move, said his scheme could increase UK sales of coal by five or six million tonnes. He envisaged loans at one or two percentage points below minimum lending rate.

Nurses reject 6% pay offer

THE NATIONAL Union of Public Employees yesterday predicted a major demonstration over pay by nurses following overwhelming rejection of a 6 per cent pay offer in a ballot of 75,000 of its members in the profession.

Strong opposition to the pay offer tied to the Government's cash limit set for Health Service wage rises this year is also expected from ballots and consultation exercises being organised by the Royal College of Nursing and the Confederation of Health Service Employees which represent most of the remaining 460,000 nurses and midwives in Britain.

Passport officers set to go back to work

FINANCIAL TIMES REPORTER

ABOUT 280 staff employed in the five passport offices will be returning to work over the next few weeks following the conclusion of an agreement with the Foreign Office.

The strike in passport offices began 13 weeks ago in Liverpool and spread to Glasgow, London, Peterborough and Newport. It took place at the peak period of the year for passport applications when the five offices would expect to deal with up to 18,000 applications weekly.

The Council of Civil Service Unions said only a fraction of these applications — probably not more than 20 per cent — were handled, and only when personal callers at the passport offices were involved.

"Despite the willingness of a number of foreign governments to accept out-of-date and extended passports and British visitors' passports, long queues built up at the passport offices," the council said.

● Meanwhile, the Department of Employment yesterday issued notices warning of suspension to 25 staff at unemployment benefit offices in Washington, Tyne and Wear and nine at Hackney, London.

The warnings were made in response to blacking of blank Giro cheques which have been used for manual payment of unemployment benefit to circumvent the effects of strike action by computer staff at Reading and Livingstone.

Computer centres in these two towns normally account for more than 90 per cent of unemployment benefit payments. Staff in unemployment benefit offices at Sheffield, Barnsley, Goldthorpe, Shipley and Rotherham were involved yesterday in half-day strikes in protest at earlier warnings of suspension.

Civil servants at two unemployment benefit offices were called out on official strike yesterday after being threatened with suspension.

The unions said that 29 civil servants were called out at Keighley in West Yorkshire and 12 at Kinning Park, Glasgow. "No cheques will be issued from the offices because of the strike," said the council.

Talks were being held in London between Employment Department officials and union officers hoping to settle the dispute.

UK NEWS—PARLIAMENT and POLITICS

Agreement reached on Observer

FINANCIAL TIMES REPORTER

LONRHO, the potential owner of The Observer, and the paper's management and editorial staff have agreed on five independent directors, Mr John Biffen, Trade Secretary, told the Commons yesterday.

He announced the conditions he was attaching to the transfer, and stressed they were based on those earlier required for the sale of The Times and The Sunday Times to News International.

Mr Biffen was signalling his consent to the transfer following the Monopolies and Mergers Commission's decision that it would not be against the public interest.

Mr Biffen said: "On June 29, I informed the House that I had accepted the view of seven out of eight members of the group of the Monopolies and Mergers Commission and had decided that I should consent to the proposed transfer of The Observer to George Outram and Company Limited subject to conditions to safeguard editorial independence against a potential conflict of interest because of the extensive interests of Lonrho, Outram's parent company.

"However, I felt it right to defer reaching a final decision on the conditions to be attached until interested parties had had an opportunity to read the report and make representations.

"I have now concluded my consultations and have today issued by consent to the transfer a copy of which I have laid before the House.

"The formal conditions I have attached are based on those attached to the transfer of The Times and The Sunday Times to News International Limited.

"The general effect of these conditions is that the Articles of Association of the Observer Limited will contain provisions securing the position of the editor in relation to the determination of the content of the newspaper.

"They will further provide that he should not be subject to restraint in expressing opinion or reporting news that might conflict with the opinion or interests of the proprietors. His control over the journalist staff of the newspaper would be set out.

"The Articles would in addition provide for five independent directors, who would have the special responsibility for resolving any disputes on matters of editorial independence between the editor and the directors of The Observer Limited or its parent companies, including Lonrho.

"The consent of a majority of these directors would also be required for the appointment or dismissal of the editor and of the independent directors themselves.

"Other conditions will secure that these arrangements continue if the Observer were to be transferred within the Lonrho groups as a result of a company reorganisation; and provide for consultation with the board of Observer Limited, if Lonrho proposed to dispose of the Observer outside the group at a future date.

"As I said, there will be five independent directors. It was represented to me by several parties that the number of appointments recommended by the Monopolies and Mergers Commission—eight or nine—was excessive and would result in an unwieldy board structure fo rthe Observer. I agreed.

"I am pleased to tell the House that the new owners, the management, and the editorial staff have all agreed on four initial independent directors; and that those four shall select a fifth. My consent gives effect to this. The names are Mr William Donaldson Clark, Sir Geoffrey Cox, Dame Rosemary Murray and Lord Windlesham.

"These conditions of my consent provide safeguards for the editorial independence of the Observer, while involving the Government in the minimum intervention in the newspaper's day to day affairs.

"I understand that the new owners, the management and the journalist staff have agreed on a number of other matters to which they attached importance, including in particular arrangements for consultation with the journalist staff on the appointment of independent directors and future editors.

"I wish the Observer well under its new ownership, and hope that whatever uncertainties may have beset it in the past few months will now be dispelled."

Mr John Smith, Shadow Trade Secretary, said an Observer journalist should have been appointed to the board.

"There is widespread and deep-seated concern at the way in which our great newspapers are passing into the hands of rich men who control powerful economic interests and are not noted for self-effacing political restraint," he said.

He added: "The final test of this whole matter will be if the Observer can maintain its great tradition of reporting affairs in the African continent — given the newspaper proprietor who now owns it."

He urged the Government to "take further action" if any of the sanctions were breached—and suggested the Government might have been in a "more powerful negotiating position" if it had not agreed to the transfer before dscussing conditions.

Mr Smith paid tribute to Observer editor Mr Donald Trelford who had "fought for the independence of his newspaper."

Mr Biffen replied that The Observer's greatest safeguard was its ability to be profitable. "It will no longer have to seek outside financial interests."

Mr Biffen said he acted quickly over the transfer to "remove uncertainty" from the newspaper. But there was a chance for further judgement on the most appropriate conditions.

Journalist Mr Jonathan Aitken (C, Thanet East) asked what the basis was for deciding to refer The Observer to the Monopolies Commission after deciding not to refer The Times.

Mr Biffen said that during The Times dispute there was a likelihood of closure, but this could not be argued in the case of The Observer.

Mr Biffen said twko of the four appointed directors had been chosen by The Observer and two by Lonrho. He rejected a suggestion by Mr David Winnick (Lab, Walsall N) that Lonrho represented "the unacceptable face of British press ownership."

There was "no evidence at all" of improper management practices that had been alleged "in a generalised fashion," Mr Biffen said.

Liberal Mr Jo Grimond (Orkney and Shetland said the whole procedure was a farce.

"If you had any reliance on the new directors you would not insist on the appointment of five independent directors.

Biffen: "Paper's greatest safeguard is its ability to be profitable . . . it will no longer have to seek outside financial interests."

Smith "Widespread concern at great newspapers passing into the hands of rich men not noted for self-effacing political restraint."

Biffen's tough series of editorial safeguards

BY JOHN MOORE

THE TRADE SECRETARY has laid down a tough series of conditions to safeguard the editorial independence of The Observer, Britain's oldest Sunday newspaper.

Mr Biffen's formal conditions have been laid down on the advice of the Monopolies and Mergers Commission which had decided that approval should be granted for the acquisition subject to the adoption of certain safeguards.

The safeguards were necessary to protect editorial independence against a potential conflict of interest because of the extensive business interests of Lonrho.

The Minister has said that before Atlantic Richfield, the U.S. energy group which currently owns The Observer, completes the sale, the following people will be appointed as independent directors of The Observer Ltd. together with a fifth person chosen by a majority of those four.

The four named are: Sir Geoffrey Cox, Dame Rosemary Murray, William Donaldson Clark, and Lord Windlesham.

Before the transfer of ownership takes place the articles of association of the company must be altered and approved by the Secretary of State to give effect to a schedule of requirements set out by the Minister.

The schedule says:

- The Observer shall have five independent directors but not more than five.
- No person shall be appointed to or removed from the office of independent director without the approval of the majority of the independent directors at the time of appointment or removal.
- The editor of the Observer shall not be appointed or dismissed without the approval of the majority of the independent directors of the Observer at the time of the proposed appointment or dismissal.
- Subject only to any properly determined budget the editor of The Observer shall retain control over the appointment, disposition and dismissal of journalists on The Observer and of all content of the newspaper, except that in the case of advertisements, the editor's rights may be limited to the right to refuse to publish any advertisement and to provide where in The Observer advertisements in general are, or any advertisement in particular is, to appear.
- The editor of The Observer shall retain control over any political comment published in the newspaper and shall not be subject to any restraint or inhibition in expressing opinion or in reporting news that might directly or indirectly conflict with the opinion or interest of any of the newspaper proprietors of The Observer.
- Instructions to journalists shall be given only by the editor or those to whom he has delegated authority.
- Any dispute arising over the previous three requirements listed above between the editor of the paper on the one hand and the directors of The Observer Limited or any holding company of The Observer Limited, on the other hand, is to be referred to the independent directors of The Observer Limited or three or more of the independent directors as they may themselves determine.

The decision of the independent directors shall be final and binding.

The memorandum of agreement between Lonrho, George Outram, Scottish and Universal Investments, the Outram holding company, and journalists of The Observer says that all parties undertake to maintain the editorial traditions and journalistic standards of The Observer and to endeavour to keep The Observer free from party political bias or attachment to any sectional interest.

The independent directors will do their utmost to ensure that there is no improper proprietorial interference in the accurate presentation of news and free expression of opinion, and to settle any dispute which arises.

Government considers fines for parents of children in riots

BY IVOR OWEN

RESOLUTE action to deal with the current wave of street violence, including heavy fines for parents who allow their young children to participate in arson and looting, was promised by the Government in the Commons yesterday.

A tense Mrs Thatcher joined Mr William Whitelaw, the Home Secretary, in again pledging full support for the police. She told Tory backbenchers who called for the introduction of more effective riot control measures that the use of water cannon had not been ruled out.

But Mr Whitelaw rejected a demand for the establishment of a special squad of riot police, and Mrs Thatcher made it clear that the Government was not planning to re-introduce corporal punishment for young offenders.

At the height of nearly 60 minutes of angry and bitter exchanges the Speaker, Mr George Thomas, had to intervene to order Labour back benchers to allow the Prime Minister to be heard.

Mrs Thatcher incensed the Opposition benches by disputing their claims that unemployment, particularly among young schoolleavers, and social deprivation in decaying inner urban areas was the principal cause of the rioting which had taken place in London, Manchester and Liverpool.

She stressed that in many instances the culprits had been children aged between 9 and 16 so there could be no question of the despair of the dole queue having influenced their actions.

With equal vehemence she underlined the fact that some of the areas where rioting had occurred had such a bad history of labour relations that it was difficult to persuade companies to start up new businesses.

Mr Eric Heffer (Lab, Liverpool Walton) called the Prime Minister a "stupid woman" when she maintained that people in some of the poorest areas of the world retained a sense of honour which would not allow them to sink to some of the things which had been seen on Merseyside.

She endorsed the view of the Daily Mirror that what had occurred in Liverpool had nothing to do with the city's problems of bad housing and unemployment but was a "spree of naked greed."

As Mrs Thatcher rebuked Labour MPs and declared that their "yowling and scowling" would not solve the problem, Mr Enoch Powell (Ulster Unionist Down South) who told her at the time of the Brixton riots in April "You have seen nothing yet," became the target of a fresh outburst of Labour fury.

He roared with laughter as Mr David Winnick (Lab, Walsall) sitting a few seats away across the gangway, jumped to his feet brandishing his parliamentary order paper. Mr Andrew Faulds (Lab, Warley E) later condemned Mr Powell's "lunatic utterings" both inside and outside the House.

Mr Robert Brown (Lab, Newcastle upon Tyne W) described the Prime Minister as "the biggest vandal" in the country and contended that Government policies were ripping away the fabric of society.

To Tory cheers Mrs Thatcher retorted: "I think you are being quite ridiculous and absolutely absurd."

Sir Hugh Fraser (C Stafford and Stone) warned the Prime Minister that many people outside felt that the House of Commons was not paying sufficient attention to the immediate problem of law and order.

"Once the state loses the monopoly of violence other people will take it," he said.

The Prime Minister replied that no-one could condone violence on the scale which had been seen in Britain recently.

"It is totally unacceptable and totally unjustifiable," she insisted.

Mr Francis Pym, Leader of the House, later announced that the Commons will debate the recent outbreaks of civil disorder next Thursday.

Mr Patrick Mayhew, Home Office Minister of State told MPs that interim payments may be made to help owners of small businesses and other commercial premises who are entitled to compensation as a result of damage caused by the rioting.

Foot plans to condemn Trotskyists

By Margaret Van Hattem, Lobby Staff

Mr Michael Foot, the Labour leader, is planning to condemn extreme Left-wingers in the Labour Party, including supporters of the Militant Tendency and self-styled Trotskyists over their "scandalous" action during this week's street violence in London, Liverpool and and Manchester.

He expects the matter to be raised at this month's meeting of the National Executive Committee, and is expected to use the occasion to voice his own view that their comments in support of the rioters have been deliberately inflammatory.

Many Labour MPs are increasingly alarmed at the extent to which the militants have become actively engaged in the riots, distributing leaflets encouraging young people to resist the police.

Although no direct action is planned against Militant Tendeney which recently survived an attempt to get it expelled from the party, several MPs are planning to put on record their outrage at the leaflets

Several Labour MPs, including the Shadow Home Secretary, Mr Roy Hattersley, yesterday called for the restoration of local authority control over the police,

Support for Rippon over 'incomes U-turn'

BY MARGARET VAN HATTEM, LOBBY STAFF

THE GOVERNMENT'S "U-turn" on incomes policy drew warm applause from Mr Geoffrey Rippon (C, Hexham).

The Government, he told the Croydon South Conservative Association, had shifted markedly over the past year and had effectively abadoned the doctrine that control of the money supply would in itself control wage demands.

He claimed the Government's support for his own long-held view that economic recovery would be impossible without pay restraint.

Barely a year ago, this view had him branded as a "wet"; but today, the abolition of the Clegg Commission and the tough attitude taken on Civil Service pay showed that the views of the "dry" faction had pulled into line with his own.

"Now the Chancellor of the Exchequer has spelt out to the trade unions the stark choice between pay rises and jobs.

In these ways we have steadily shifted away from the doctrine that if you can only control the money supply—or the assumption that it can be measured with any degree of accuracy—wages would automatically find their own level."

But the shift in policy was not, he insisted, a capitulation. Governments did not retreat—they merely advanced in other directions.

If they did this with sufficient subtlety, no one would notice.

"In practice, the Government's policies have been more flexible than the way in which they have been present," he said.

"The distinction between Conservative "wets" and "drys" was always artificial and, since Sir Geoffrey Howe's financial statement last November, has become increasingly meaningless.

"No one doubts the importance of sound money but excessive alliance on a particularly rigid version of monetarism has been effectively abandoned."

Mrs Thatcher herself, he added, had lent credence to this view in her support for a recent speech in New York by Mr Peter Walker, the Agriculture Minister, which she had said was "in no way at variance with Government policy."

An incomes policy, he went on, was perfectly in accordance with Keynesian principles.

In the 1930s, Keynes had insisted that unemployment could not be reduced if wages rose.

"It will not do to pick out of the Keynesian recommendations those which may seem palatable, such as deficit spending and neglect those which are not so widely attractive, such as the maintenance of stable money wages, and still expect success to follow according to theing to the Keynesian principles."

Concorde cost put at £849m

CONCORDE AIRCRAFT have cost the public a total of £849m up to December 31 last year, Mr Michael Marshall, Industry Under-Secretary, said yesterday.

In a Commons written reply, he said the figure took account of al spending on research and development as well as the income from the project.

The Government's total commitment to Concorde production and in-service support was £303m at March 31, he added.

Antigua order goes to Lords

The Antigua Termination of Association Order passed through the Commons on Wednesday night with a vote of 75 to seven. The Labour Party abstained.

The order is to be debated in the Lords next Tuesday.

Next week in Parliament

LORDS

Monday: Trustee Savings Bank Bill, Committee. New Towns Bill, Committee. British Nationality Bill, Committee. Meat and Livestock Commission Levy (Variation) Scheme Confirmation Order. Pool Competitions Act 1971 Continuance Order.
Tuesday: Education (Scotland) Bill, Committee. Antigua Termination of Association Order. Commission for the Conservation of Antarctic Marine Living Resources (Immunities and Privileges) Order. European Centre for Medium-range Weather Forecasts (Immunities and Privileges) Amendment Order.
Wednesday: Transport Bill, Third Reading. Employment and Training Bill, Committee.
Thursday: British Nationality Bill, Committee. Armed Forces Bill, Report. County Courts Jurisdiction Order. Forgery and Counterfeiting Bill, consideration of Commons amendments.
Friday: Education Bill, Committee.

COMMONS

Monday: Deep Sea Mining (Temporary Provisions) Bill (Lords), remaining stages. Wildlife and Countryside Bill (Lords), remaining stages.
Tuesday: Finance Bill, remaining stages.
Tuesday: Finance Bill, remaining stages. Films (Quotas) Order. Pool Competitions Act (Continuance) Order. Friendly Societies Bill.
Wednesday: Finance Bill, remaining stages. Iron and Steel Bill and Criminal Attempts Bill, Lords amendments.
Thursday: Debate on recent riots.
Friday: Northern Ireland Order—Industrial Investments; Diseases of Animals; Appropriation.
Monday July 20: Debates on preliminary draft general Community Budget for 1982, and on draft rectifying budget for 1981. Finance Bill, remaining stages completion. Debates on European Community Document including one on steel industry.

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THE PROPERTY MARKET

BY MICHAEL CASSELL

Town & City steps up development work

TOWN AND CITY Properties, which is now making optimistic noises about its move from retrenchment to expansion, has already added another runner to a steadily lengthening list of development projects.

The company has received outline planning permission from Redbridge Borough Council for a five-acre island site just off the High Road at Ilford, Essex and next to the railway station.

T and C's scheme provides for two modern buildings already on the site—which the company has owned since the mid-1970s—to be retained and refurbished. Total floorspace involved is 56,500 sq ft.

On top of that, the outline plan will add 225,000 sq ft of office space, 27,000 sq ft for the retail and service trades and multi-storey parking for 400 cars.

Drivers Jonas, which conducted the negotiations with Redbridge as town planning consultants and will now act as letting agents, believe that this consent for the old Ilford Film manufacturing and administrative headquarters could be one of the last in the London area while the new GLC is in control.

It appears that Mr Ed Gouge, new planning chief for the GLC and a former planning officer at Redbridge, was a leading campaigner against the Ilford town centre plan—which included the principle of office development on this site.

However, T and C has not had a clear run with the planners. It originally intended the Ilford Film site to be turned into an Arndale shopping centre but planning policies changed and it eventually became clear that the road plan in Ilford would not encourage retail development.

Mr Basil Winham, a director of T and C, said yesterday that at this very early stage of the project it was too early to talk about funding, possible partners in the development or about rents. No tenant is lined up.

It is worth noting, however, that in last week's annual report, T and C chairman Jeffrey Sterling said on new projects: "Town and City has sought to minimise risk throughout, by pre-letting, forward sales or simply by selling the site and project managing, usually on an incentive basis that is designed to yield either a lump sum or a side by side share of income at completion."

As for likely rents, while existing levels in Ilford have not yet topped the £6 a sq ft mark, there has not been any sizeable office development in Ilford for years. High-quality space could set a new standard for the area by the time it is developed.

For Drivers Jonas, Christopher Armon-Jones noted that Sun Alliance, developing some 30,000 sq ft of office space close by, is not quoting rents either.

William Cochrane

Battle of Battersea

HAVING REPORTED to this week's annual shareholders' meeting on the "gale" which hit the British economy during 1980, Mr Ian Weston Smith, chairman of Morgan Crucible, stood flanked by fellow directors waiting for the storm which was forecast from the floor.

The expected row did not, however, concern the group's disappointing performance but its longstanding attempts to redevelop the Thameside land at Battersea where it started life 125 years ago.

Two years earlier, under the same chandeliers at London's Cafe Royal, the Morgan meeting had been turned upside down by angry demonstrators who were protesting at the group's plans for the redevelopment of its Battersea Bridge site. It was not the first time that such events had taken place and, after the occasion ended in chaos and one or two black eyes, Morgan went to the High Court and prevented a repetition at least year's meeting by keeping out some of the protestors.

This time, however, a similar High Court action by Morgan left both sides giving undertakings to act in a reasonable manner. So the objectors, brandishing their share certificates, returned to the Dauphin Room to ensure they were not again outmanoeuvred.

The case against the group's plans for the 10.7 acre site — involving a 110,000 sq ft office complex, 224 houses and flats and a £½m riverside walk — has been co-ordinated by the Battersea Redevelopment Action Group. BRAG accuses Morgan of indecision which has left the site derelict, claims an office block would be a social as well as a financial disaster and has put in its own outline plans for a mixed scheme of light industrial buildings, homes and open spaces.

The protestors say the local planning officer is putting in a recommendation for approval although they admit that they have no financial backers or development partner at this stage. They have also won, following a public inquiry, prompted by the council's failure to process their application, approval to provide a one-acre open space and a wall on which a mural can be painted.

The determination to fight the Morgan proposals was heightened in 1979 when the group bulldozed the walls of the 1924 factory on which local artists had, with Morgan's permission, painted a mural depicting life in south London. The company claimed that its intention to demolish the wall had always been clear but the affair became a major local issue and has refused to go away.

At this week's meeting, Morgan was accused of having lost faith in its plans for the site, which have been the subject of two public inquiries, in 1974 and 1978. A condition of the last inquiry was that the housing content of the scheme should be built and occupied before the office scheme began but although the group's detailed plans were finally passed last March, Morgan submitted a fresh planning application at the end of 1980—subsequently withdrawn — which called for a much lower number of housing units and the cancellation of the obligation to build them before the offices.

In May this year, Morgan announced that it had joined forces with Wates Built Homes to develop the proposed housing and Mr Weston Smith told shareholders this week that informal meetings with planners over minor design changes arising out of Wates' involvement were being held. Development work could soon proceed, he added. An earlier development agreement with Wates expired.

As for the offices, Morgan says it is now beginning to look for a development partner and has every confidence, unlike its adversaries, that the site will prove an attractive office location. Mr Weston Smith reaffirmed the group's intention to develop the office as quickly as possible and denied suggestions made after the annual meeting that it has been trying within the last few months to sell the site.

"The only time we tried to sell the site was about four years ago and the local authority said it did not have the money to buy it.

Mr Ernest Rodker, a member of BRAG, says the fight is not yet over and efforts to get the site developed in a way which is acceptable to local residents have not been exhausted. There are suggestions that the Greater London Council might yet be asked to become involved.

Midlands shop sale

In what is thought to be the largest retail property sale in the West Midlands for 10 years, Scottish Provident Institution has paid £8.75m for the Greater Midlands Co-operative Society's freehold store in High Street, Birmingham.

The store provides 60,000 sq ft on five floors with a 100 ft frontage and became surplus to the Society's needs earlier this year when it upgraded its other outlet across the road. It is understood that Scottish Provident will divide the store into a number of shop units. Clive Lewis, Healey and Baker and Elliott Son and Boyton are joint letting agents.

● Caran Investments, a private property company, has paid over £2m for a one acre site at Oxford Road, Uxbridge, and is to develop a 48,000 sq ft office scheme which has been pre-let by Edward Erdman to a major public company. Due to start this autumn, the investment has been forward sold by Lambert Smith and Partners to Fleming Property Unit Trust, who will also provide interim development finance. On completion, the building will have an estimated investment value of about £9m.

● Sun Alliance has started work on a £1.6m, 26,000 sq ft office scheme in Eastern Road, Romford. Letting agents for the building, due for completion next July, are Richard Ellis.

Congen gets tough

THE COURT HOUSE in Springfield, Massachusetts, will today provide the picturesque setting for an attempt by Connecticut General Mortgage and Realty Investments to stave off the unwelcome $27m bid from the National Coal Board pension funds.

The takeover approach, made through the funds' U.S. property investment subsidiary, Second Bouverie Properties, came last month but is being forcefully challenged by Connecticut, one of the U.S.s' largest and strongest real estate investment trusts.

With a property portfolio value at around $350m and a share price which has remained above the $33 offer level since the bid was announced, Congen claims in a long list of defence complaints that the offer is totally inadequate, that the funds' employees are inexperienced in U.S. real estate, incapable of properly manging the trust and subject to "volatile political and union forces in the UK."

The defence document suggests the change of ownership would lead to a "radical and detrimental change in investment policy and management" and that the funds' executives are drawn from management and union representatives who are "traditional enemies."

The complaint also refers to the take-over in 1979 of Continental Ilinois Properties of California and claims that the Trust has since experienced "unprecedented management instability and turnover." But at today's hearing, Congen is likely to rest most of its case on the alleged failure of Second Bouverie to meet all the disclosure requirements demanded by the Securities and Exchange Commission.

The Trust will claim that the funds have failed to disclose facts and circumstances which have a direct material bearing on the decision faced by shareholders.

Back in London, Mr Hugh Jenkins, director-general of investments for the Coal Board funds, maintains an advised silence on the affair but it seems clear he and his colleagues are confident they have faithfully followed the letter of the law and that the remainder of Congen's arguments consist of nothing more than the type of rhetoric which forms the staple diet of any UK take-over battle. The view appears to be that Congen is stalling while searching for an alternative suitor or an alternative defence.

Even if the judge, who may well make his decision known today, finds that the approach does not conform to the U.S. Securities Exchange Act, there would be nothing to prevent the Coal Board funds from simply correcting the oversight and carrying on.

The 10-day period in which the U.S. Government may raise objections to the tender offer under the anti-trust laws has already expired and the deadline for acceptances is next week. Despite Congen's somewhat animated attempts to kill it off, the offer stands and the "defendants," who include Messrs Gormley, Daley, McGahey and Siddall, do not appear to be frightened off.

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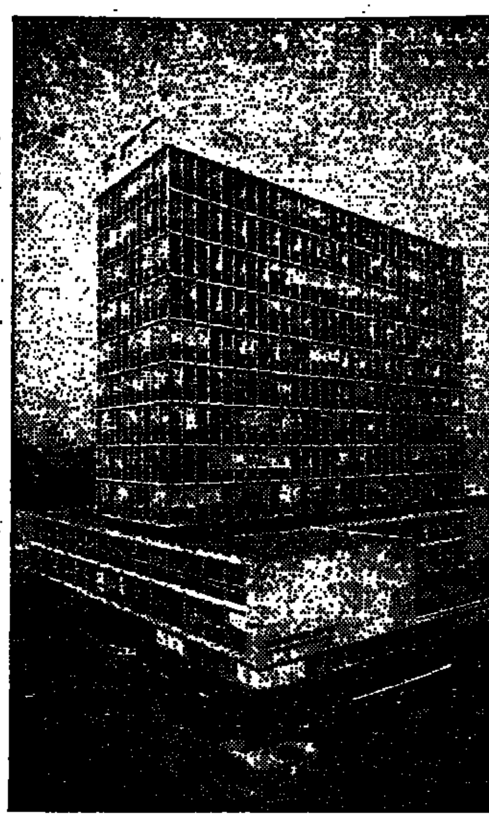

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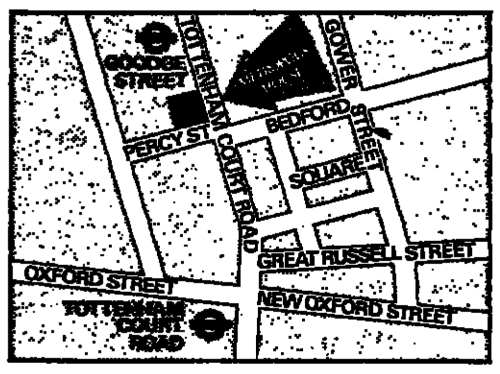

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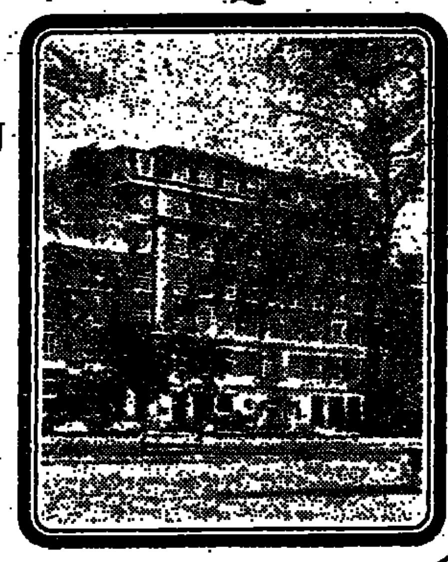

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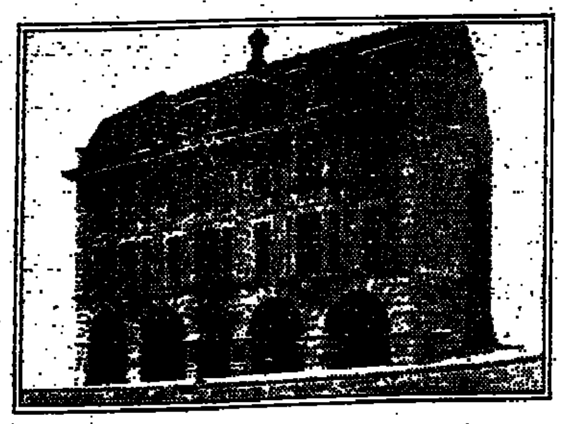

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APPOINTMENTS

Senior executives at Nationwide

Mr Bryan Bushell, formerly general manager administration of the NATIONWIDE BUILDING SOCIETY, has become general manager (market planning) and he has been nominated to succeed Mr Cyril English as deputy chief general manager in December when Mr English replaces Mr Leonard Williams as chief general manager.

Mr Brian Phillips, who was general manager finance, has been made general manager (finance and management services) and Mr Bernard Rozier, previously assistant general manager personnel, is now general manager (administration).

★

Mr N. E. H. Ferguson, Mr J. H. Hunt, Mr D. N. D. Netherton and Mr C. T. Pearce have been appointed directors of J. HENRY SCHRODER WAGG AND CO. Mr A. M. Agrotis, Mr A. J. Bristow, Mr G. C. Harington, Mr C. J. Jobson, Mr K. M. Niven, Mr J. R. Reynolds, Mr A. M. Richardson and Mr E. A. F. Sells have become assistant directors.

★

Mr Rodney Hornstein has been appointed to the board of GESTETNER INTERNATIONAL and also to the group management board. He is the new regional director responsible for the subsidiaries in Belgium, Canada, Holland, Israel, Mexico and Sweden, and for agents in Scandinavia.

★

Mr J. S. Hannah, a main board director of AURORA HOLDINGS, has been appointed chief executive of the steel division from September 1. He succeeds Mr D. R. G. Davies, who retires on September 16. Mr P. M. Wright has become chief executive of Aurora's forgings and castings division in succession to Mr Hannah.

★

Mr Thomas A. Veitch, vice-president, who was previously with Baring Brothers and Co., has joined the UK investment management unit of CITIBANK. Mr Brian Trainor, vice-president, has been named chief administration officer for the international services division based in London.

★

Mr Glyn Williams has joined the board of WILSON (CONNOLLY) HOLDINGS. Mr R. B. H. Stobbs has become design development director on the board of its subsidiary Wilcon Homes.

★

Following acquisition by Leigh and Sillivan of a 51 per cent shareholding in DIE CASTING MACHINE TOOLS, Mr A. Whitworth, chief executive of Leigh and Sillivan, and Mr J. B. Kirkland and Mr M. W. Tolson will be joining the board of DCMT.

★

Mr Gordon Holden has been appointed managing director of CRIMPFIL, of Aberbargoed, Mid Glamorgan, in place of Mr Geoffrey Farrington, who continues as chairman.

★

Mr Frank Elliott is the new east Midlands regional officer for the ELECTRICAL CONTRACTORS ASSOCIATION succeeding Mr Bill Middleton, who held the post temporarily for the past six months and has now retired.

★

Mr David Stanley has been appointed to the newly created post of director of development and planning at the MANCHESTER INTERNATIONAL AIRPORT AUTHORITY and will take up the post in September. He is at present chief civil engineer with British Aerospace.

★

Mr. A. H. Noble has been appointed finance controller of BOOKER McCONNELL, reporting to Mr Michael Wildy, vice-chairman and director in charge of finance.

★

Mr John Wilson has been appointed to the main board of KCA INTERNATIONAL as deputy managing director. He was previously a director of Carrington Viyella.

★

Mr Gerald A. Smith has been appointed to the board of CRAMPHORN as a non-executive director. Until recently, Mr Smith was a director of County Bank, the company's merchant banker, and is now operating his own financial services company at Harrogate.

★

Mr Ralph Raby has become a limited partner of BUCKMASTER AND MOORE, stockbrokers.

★

Mr N. R. Dunford, at present assistant director with J. Henry Schroder Wagg and Co., is to become joint investment manager of SCOTTISH WIDOWS FUND AND LIFE ASSURANCE SOCIETY from August 1. Appointments with immediate effect are Mr D. A. K. Park as chief investment secretary, and Mr M. E. Pearson, Mr I. W. Forsyth and Mr A. M. McKenzie, assistant investment managers.

★

Mr Douglas Badham has become group chairman of the ECONOMIC FORESTRY GROUP on the retirement of Lord Taylor of Gryfe.

★

Mr Robert Lickley has been elected president of the INSTITUTION OF PRODUCTION ENGINEERS for 1981-82. Sir Robert Telford and Mr Bernard Willetts are vice-presidents. Mr John Tobin and Mr Alan MacGregor have become, respectively, chairman and vice-chairman of council. Chairmen of the four policy boards are Mr Keith Williams (membership), Mr Peter Burton (publications), Mr Alfred Crabtree (regional) and Mr Alex Houseman (technical).

★

Mr W. R. Cox has been elected president of the BRITISH CONSTRUCTIONAL STEELWORK ASSOCIATION in succession to Mr B. D. Farmer. Mr G. C. Barrett has become deputy president.

★

Mr Andrew D. Gilmour has been appointed to the Board of METROPOLITAN PENSIONS ASSOCIATION. He is manager of MPA's North East area office in Leeds and will become manager of the West Midlands area office in Birmingham on November 1. Mr Peter M. Mann becomes area manager in Leeds from that date.

★

Mr Gerard Connolly has rejoined DAKS-SIMPSON as export director for menswear and womenswear. He was previously with Sabre Sportswear.

★

Mr Herbert J. Cruickshank has been appointed chairman of the HOUSE-BUILDING ADVISORY BUREAU and Mr Paul Marsh has become information officer.

OVERSEAS

Mr Eishiro Saito has been elected chairman and representative director of the NIPPON STEEL CORPORATION and Mr Yutaka Takeda has become president and representative director. Mr Yoshihiro Inayama, the former chairman, has been made honorary chairman.

★

Mr Hans Lenhardt has joined PARKER HANNIFIN to become vice president of the mobile and industrial group in Europe and manager of Parker's fluidpower operation in West Germany. He was previously with Sperry Vickers in West Germany.

★

Mr Karl Janjoeri has been appointed chairman and Mr Agostino Diana, managing director, of HYDROCARBONS INTERNATIONAL HOLDING COMPANY, a member of the Italian ENI Group.

★

Mr Elgin H. Joos has become managing director of ROTHSCHILD BANK AG, Zurich, following the appointment of Mr Gilbert de Botton, now vice-president of the bank, as president and chief executive officer of the Rothschild-controlled New York company New Court Securities.

★

Professor Hubert Curien (France) has been elected chairman of the EUROPEAN SPACE AGENCY COUNCIL. He succeeds Mr Jan Stiernstedt (Sweden). Dr H. H. Atkinson (UK) and Dr H. Grage (Denmark) have become vice-chairmen.

★

Mr Paul D. B. Hubbard has been elected executive president of PPF INC., Tampa-Florida, from August 1.

★

Mr Dennis Smith has been appointed general sales manager of the standard machinery division of INGERSOLL-RAND COMPANY, succeeding Mr Jean Torfs who has become managing director of Ingersoll-Rand, France.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½%	E. S. Schwab	13 %
Canada Perm't. Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½%
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9½%. Short term £8,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why a small company goes forth to multiply

Oxford Instruments has spawned four new ventures in 18 months. **David Bell** examines the pros and cons of its 'building block' strategy

A TEAM of ten highly skilled engineers and salesmen has just set out to test the management philosophy of a small British company which is almost a textbook example of the kind of venture Mrs Margaret Thatcher is so keen to encourage.

The little team has been spun off as a new company by a firm which is itself barely five years old and has only 155 employees. And the parent of both companies which was founded in an Oxford garden shed 22 years ago has a labour-force of only just over 500.

For such a small company to multiply its subsidiaries in this way is unusual. Yet the ten-man team, now incorporated as Oxford Medical Computers, is the fourth new venture to have been spun off by the parent group, Oxford Instruments, in the last 18 months.

"We don't believe that companies with more than about 200 people in them are manageable as a single unit," says Antony Costley White, one of the group's senior executives. "People want to work for small companies where they can really measure the effect of what they are doing. They want responsibility and they want to get new ventures off the ground themselves."

Keeping its subsidiaries a manageable size is a key part of the philosophy of the group, which altogether has 15 sales and manufacturing subsidiaries. "Much of British industry is now paying lip service to the idea of small business while continuing much as before. We take a different view" says Dr Julian Morris, who is in charge of the new company.

Like the other three, Morris's new venture has been established as "a ten group," a term borrowed from the book "Corporation Man" by Antony Jay*.

A "ten group," as the company defines it, can be anything from five to 20 people strong. "The idea is that it should be sufficiently small to have a complete identity, but sufficiently large not to fall by the wayside," says Costley White.

The company believes that the best way to hold on to good managers is to give them as much responsibility as possible as early as possible. It does not offer financial incentives tied to the individual units, though it does operate a group-wide share participation scheme.

Oxford's commitment to the importance of employee motivation springs in large measure from a climactic period 11 years ago when the then managing director and several senior employees quit to start their own company. And its tight financial controls are a legacy of the vicissitudes of the early days when, like so many small companies, it came perilously close to overreaching itself.

Queen's Awards

The group got its start in the science of cryogenics—the application of low temperature technology—and the ability of Martin Woods, its founder and present chairman, to build Europe's first commercial superconducting magnet initially used in physics and chemistry research. This has brought three Queen's Awards, two for technological achievement (in 1967 and 1980) and one for export performance (in 1972).

Magnets are still very important. But the group, whose turnover reached over £11m last year, has diversified greatly in the past 10 years. Barrie Marson, group managing director since 1972 and now aged 49, has presided over moves into control and monitoring systems for industry and, building on the magnet technology, into the development of nuclear magnetic resonance techniques which could one day prove as important as the whole body scanners pioneered by EMI.

The company has already had considerable success in the highly competitive medical electronics field. Oxford Medical Computers will market two new products: Unibed, a modular computerised bedside monitoring system for intensive care patients of all ages, and Vicon, a computer linked system, which can measure, with remarkable accuracy, the mechanics of leg and arm movements. This will be used in particular for fitting new limbs or rehabilitating accident or stroke victims.

Until now both these products have been nurtured inside Oxford Medical Systems, itself formally set up under its present name in 1977. It has been growing at a rate of some 40 per cent a year and in 1980 reached a turnover of about £4m, 85 per cent of which was exported.

Oxford Medical Systems is housed on an industrial estate at Abingdon, near Oxford, and now employs 155 people. It has already carved out a successful niche in the market with Medilog, a family of small cassette recorders with 24-hour tapes which can be attached to the chest or other parts of the body. They can measure heart beat, and other medical functions, while the person wearing them goes about his or her normal business.

Special machines, using software developed by the company, can then search these tapes at high speed for evidence of unusual results and show them on a video terminal.

The decision to hive off two promising products from OMS was taken with great care. In particular, care was taken to ensure, over three months of discussion, that OMS would not be adversely affected by the departure of 10 of its most able staff.

For now OMS will manufacture the new products for the fledgling company. But in time, like the other ventures before it, OMC will develop its own production line, accounting systems, and fully-fledged management structure.

For all its offshoots, the parent holding company acts more or less like a banker channelling surplus funds from the established subsidiaries to those which still need development finance. But each unit has to provide it with weekly sales orders and cash figures, and once a month a detailed balance sheet goes to group headquarters in Oxford. Each company has particularly tight stock control systems.

Roger Taylor

Dr Julian Morris, who is in charge of Oxford Medical Computers, with the new company's Unibed computerised bedside monitoring system installed in the intensive care ward for babies at the John Radcliffe Hospital, Oxford. Unibed replaces a whole range of machines each measuring only one medical function.

Overseas markets

For all the emphasis on smallness, the group recognises that it does have drawbacks. The worldwide medical monitoring market, for example, is worth at least $500m a year. The competitors include such giants as Hewlett Packard, GE Siemens, Philips and a whole host of pharmaceutical companies including Squibb, Eli Lilly, Hoffman La Roche and Johnson and Johnson. In some cases their research budgets alone are many times Oxford's total turnover.

This means that high spending on research is essential if the group is to stay ahead of the game (it is currently running at about 11 per cent of turnover) and that it cannot relax in any of its key overseas markets—the U.S., Japan, West Germany, France, the Netherlands, the Middle East and Australia. It has for some years had its own sales staff in most of these countries.

But being small can have advantages in the market place. For example, Oxford Medical Computers has abandoned the idea of salesmen in the old sense. Its applications engineers will both sell the equipment and write the software programmes that go with it. So the group can offer a degree of flexibility and service which the large organisations find hard to match.

A more measurable advantage of the group's philosophy has been its remarkably low staff turnover relative to other British high technology companies of a similar size. "This is because we have stayed flexible and continuously provided opportunities, not just in growth but in responsibility," says Costley White.

But can it last? "We think that our approach is the right one," says Costley White. "There is no reason why our building block approach should not work provided we get the products and the finance right. We believe that so far our record is a good one and we are confident about the future."

Jonathan Cape, £2.50; Penguin, 80p.

BOOK REVIEW — BY SUE CAMERON

A doubtful chapter in the struggle for equality

A DECADE ago the feminist resurgence was on the crest of a wave and many women believed that from here on in their chances of scaling the executive heights could only improve.

But these high hopes have all too often remained unrealised. Only this week the Equal Opportunities Commission published a research bulletin showing that women are still concentrated in low-paid, unskilled jobs because UK employers tend to obey the letter rather than the spirit of the equality laws.

Not only is the recession restricting women's job opportunities still further — probably more so than for men — but also some of the ageing Victorian leftovers who help give the present Government its bigoted, anti-feminist stance (reduced maternity rights, reduced pension rights, procrastination over election promises to equalise taxation rules, the spirited attempt to take away a British woman's right to live in the UK with a foreign husband) have decided that women would make ideal scapegoats for unacceptably long dole queues.

Calls for women to abandon their careers, return to the kitchen sink from whence they came and so lower the unemployment figures are being heard more and more. It would seem that Conservative election commitments to extend freedom of choice for the individual are not always being honoured — apparently on the grounds that the female majority of the population do not rank as individuals with individual talents, inclinations and circumstances.

A new book published today with the appropriately optimistic title "Women in Top Jobs 1968-1979" reflects the comparatively poor progress women have made in reaching senior positions over the last decade. There is a depressing feeling of deja vu about the volume — but that may be partly the fault of the book itself.

Ploughing through it — and I mean ploughing — I found myself asking what was the point of these 273 pages. The volume has certainly not been written with entertainment in mind. The prose tends to be wooden and the authors' attempts to be fair to all sides — laudable enough in themselves — lead merely to boring and unnecessary forays into the wordy undergrowth.

The book lacks the personal details that can be found in some other studies of women who have reached senior positions in industry and commerce. This again may be creditable from the point of view of unbiased scientific research, but it is most unlikely to enthrall the average reader.

More to the point the absence of individual case histories — except in an occasional, skin deep form—means the book is of little practical value to women who are still trying to reach the top in their chosen careers. Yet it claims to be aimed at members of those occupations covered, personnel managers generally and all those interested in women's employment.

Cursory

The blurb on the dustjacket promises "much statistical data . . . not available elsewhere." But the following pages reveal little in the way of statistics—and what there is has not been put together will.

The book covers five sectors—the BBC, the Civil Service, two industrial companies and the architectural profession. The chapters on women in the Civil Service start with a table showing how small a percentage of women have reached the most senior grades. The text goes on to say: "At the top of the hierarchy there have been no women Permanent Secretaries since Dame Evelyn Sharp retired in 1966."

The most cursory check with a government press office would have revealed that Dame Mildred Riddelsdell was Second Permanent Secretary at the Department of Health and Social Security from 1971 to 1973. The word "second" in her title merely denotes the fact that the DHSS requires more than one permanent secretary.

What then can be drawn from "Women in top jobs?" One of its main conclusions is that women's careers suffer because of the time they need to take off to rear children.

This point is well backed with evidence throughout the book and there must be few working women who would disagree that the time involved in bringing up children is likely to provide the biggest stumbling block to professional advancement.

But it could be argued that while this submission is valid, it is also blindingly obvious even to the meanest intelligence—male or female.

One of the arguments for carrying out the kind of social research whose findings are incorporated in this book is that what appears to be blindingly obvious may sometimes prove, on closer, more scientific inspection, to be totally inaccurate. This argument has not, however, borne fruit in this case.

Moreover, although theer are some differences between the attitudes and practices of the various sectors studied, they are largely marginal.

Nor is the prose free from sexist phrases such as "man and wife," which implies that the former is a fully fledged human being and the latter a mere appendage. There are also frequent references to the career difficulties experienced by "married women." But marriage makes little, if any difference, to the jobs and job prospects of the vast majority of women. Women and predominantly male managements can cope easily enough with husbands — it is babies that cause the problems.

"Women in top jobs" urges change and reform repeatedly. But it provides neither the statistical ammunition nor the ideas needed to bring these about.

Women in Top Jobs 1968-1979 by Michael Fogarty, Isobel Allen, Patricia Walters. Heinemann Educational Books, 22, Bedford Square, London WC1B 3HH. £14.

TECHNOLOGY

EDITED BY ALAN CANE

Vickers cuts a fine dash

MANY WILL remember the days when equipment front panels, control knobs, dials, machine plates and similar items were engraved as a matter of course.

Engraving, apart from its durability, certainly lent an air of quality to the finished product. But the skills and time involved have made it something of luxury due to cost and other processes have become more widely used in the last decade or two.

Restoring the balance to some extent, Vickers' container and packaging machinery division of Crayford, Kent, has decided to offer the Vickers Autolin, a machine that has computerised numerical control and can cut any pattern automatically in a variety of materials including plastics, aluminium, brass, copper and stainless steel.

The machine, which is designed and made by Automatic and Laser Engineering, of Geddington, Northants, and available only from Vickers, comes in three sizes. The simplest has only one engraving spindle and will handle sheets of up to 20 x 15 in. The second unit can have four or six spindles, all retractable so as to give one, two, three and five images on a 26 x 23 in area. Strip material can be fed into this unit and moved along as each area is finished.

At the top of the range is a machine which has a programmable "Z" axis to give depth of cut variation and can also be fitted with rotary drives which allow the cutting head to follow the surface of a cylinder for example.

Programming is fairly straightforward and can be carried out by the user or, in particularly complicated cases Vickers will undertake it. Movements for the head are entered on a keyboard and by fitting a stylus can be played back on paper when necessary. For alpha- and numeric characters a cassette tape is provided which is simply played into the machine which remembers it in solid state memory for future use. Composing can then take place from the keyboard.

Likely applications will be in engraving of flat labels, instruction plates, control panels, signs, clock dials and instrument gauge faces. The basic machine costs £16,000 and more details can be obtained from Mr. Ray Laurens on 0322 526222.

CAD systems for the smaller shop

The cost of computer aided design systems is coming down as their makers look for new markets in smaller companies. GEOFFREY CHARLISH looks at three such systems.

	1978 $	Growth %	1979 $	Growth %	1980 $	Growth %	1981 $	Growth %	1984 $	1980-84 annual growth %
Mechanical	65	+60	120	+ 85	199	+ 66	310	+56	1,100	53
Electronic	49	+36	90	+ 84	149	+ 66	215	+45	396	28
Civil engineering	25	+50	50	+100	75	+ 50	108	+45	308	42
Mapping	15	+70	30	+100	70	+133	105	+45	242	37
Other	11	+60	20	+ 82	17	− 15	27	+59	154	73
TOTAL	$165	+60	$310	+ 88	$510	+ 65	$765	+50	$2,200	44

The estimated market for computer aided design and computer aided manufacturing equipment in US$m. Source: Merrill Lynch

WHILE THE UK and Europe try to come to terms with problems of shop floor productivity, the parallel problem of getting new products to the production stage as swiftly as possible continues to be tackled on various fronts by the computer-aided design industry.

Growing emphasis is being placed on getting these CAD techniques into other than the big engineering aerospace, car and electronics companies—and that means cutting the cost because systems may be priced at up to £250,000.

Late last year, for example, Applicon / SDRC announced the formation of CAD bureaux in several countries including the UK (at Hitchin), providing an alternative to purchase at an entry level of some £90,000.

CalComp, on the other hand, has concentrated on designing lower cost CAD equipment and has just announced the IGS 400, a machine which can be installed at a total system cost of about £60,000. The company claims this to be "significantly less than other systems of comparable power."

The equipment includes a minicomputer, 50 megabytes of disc storage, and a workstation which has its own 64,000 byte picture processor. The 15-inch displays use alphanumeric and raster scan graphics and there is also an 11 x 11-inch digitiser tablet and joystick picture controller.

Raster scan makes it possible for the user instantly and selectively to erase, move and modify portions of the drawing on which he is working and also provides a relatively bright picture which is easy to work with even in well-lit areas.

Employment of a powerful picture processor in the workstation means that functions that would normally invoke the host processor can be performed locally, giving speed and flexibility in image manipulation. Scaling, image movement, magnification, zooming and similar functions can all be performed in this way.

CalComp manager Russ Cockrell says: "Our aim was to offer a low cost but powerful and expandable system which the inexperienced user could begin to work with almost immediately." In practice the user is guided in a self-learning mode with step-by-step instructions on the separate alpha-numeric screen.

The latest offering from Computervision on the other hand is aimed at the experienced CAD designer employing finite element analysis for the design of mechanical structures.

Finite element analysis applies a variety of real-world restraints to a computer-generated model of physical constructions such as buildings, bridges, tunnels, indeed any structure that must be tested for mechanical loadings, temperature effects, materials fatigue, deformation and so on.

The model is shown on the screen as an elemental mesh—a kind of "wire man" configuration — which allows individual parts of the design to be analysed as well as the entire structure. It then becomes possible to detect design shortcomings.

What Computervision has done is to allow the results of such analyses to be shown dynamically on the screen. The designer can see a precise "before" and "after" picture. He may display the mesh in its non-stressed condition, apply some kind of loading or environmental change and then view the distorted version that results, superimposed on the original.

Called Dynamic FEM (finite element mesh), the new graphics are offered as an option for the company's Designer range of equipment.

The visibility of these "before" and "after" pictures may be further enhanced by using different colours or grey scales to distinguish between the two plots and by dynamic manipulation to rotate the model to different viewing angles.

Dynamic FEM enables a designer to get an immediate picture of exactly how the part under stress is affected and then to search for specific data points of the mesh elements that he wishes to have analysed further.

A further facility from Computervision also announced in the past few days is interference checking in pipework designs carried out by CAD. Once the designers has completed a piping network he can ask the system to perform a three-dimensional analysis between any two pipes, or between pipes and other structures. Allowing for tolerances and any cladding, the system will then say if two of the pipes will interfere.

A British company, Applied Research of Cambridge is also set on widening the range of its product appeal and has announced that its general draughting system (GDS) can now be run on the Digital Equipment Company's VAX.

ARC obviously feels that the fact that GDS has previously only been offered for use with Prime machines may be limiting the field somewhat. Chairman Ed Hoskins' view: "A very large number of engineering companies are buying DEC VAX machines to run their engineering applications and are now looking for good draughting systems."

GDS is particularly suited to the draughting needs of a number of industries including mechanical engineering, architecture, building, construction engineering and cartography.

Although it may not have all the manipulation facilities of some of the more expensive systems, GDS can, says the company, carry out every activity of designer and draughtsman and will rapidly repeat standard details as well as provide instant ability to amend existing drawings.

At a price of £25,000, ARC believes that GDS can be afforded by a drawing office with say, 20 designers or draughtsmen. If there is already a DEC VAX in the organisation, then GDS becomes economically viable for a very small design office.

Telephone numbers: CalComp, 0344 50211; Computervision, 0494 714771; ARC, 0233 65015.

Bowyers goes for hand input

THREE YEAR old Bristol company Image Data Products, which earlier this year obtained additional backing of £0.75m from three investment trusts, has won its first major order—from meat company Scot-Bowyers in West Yorkshire.

Image Data makes a combined hand priming/touch tablet terminal with computation facilities. It is based on a 512 x 512 wire grid system developed at Hatfield Polytechnic. The grid forms a writing area about a foot square and the user employs a pen with ball point and a small coil in the tip which influences the cross points and yields X/Y co-ordinates. The system has the advantage that it gives computer input and source document at the same time.

Bowyers is using the system to enable telephone sales people to make direct order entry—in preference to either batch processing of original paper or keyed entry.

The company is currently examining many areas of likely application including police accident reporting (with graphics, which the system can also produce) and stockbroking, for recording deals.

So far, Image Data has placed 100 terminals, mainly for evaluation. Managing director Jimmy James says that his company needs to sell about 40 units a month to break even, which it expects to achieve by year end. It now has 10 overseas agents including one in the U.S. and, recently appointed, one in Japan.

Abrasive kit

PRECISION micro - abrasive materials can now be matched to medical, optical, metallurgical or electronic applications with an introductory kit from the 3M industrial abrasives group. The sampler kit contains a variety of precision abrasives in various grades and backings. More from 0344 26726.

..POINTERS..

Machining

MADE by Toshiba in Japan two new heavy duty, horizontal bed-type NC machining centres with table sizes of 1.0m sq and 1.25m sq are now available in Britain. Up to 20 pallets can be automatically handled by each machine which has tool magazine storage capacity of 60 tools. With a tool weight of 25kg and a heavy-duty 30 Hp dc motor driving a 110mm diameter spindle, the centres are designed for the accurate machining of large gearbox housings and other high performance box-type components at spindle speeds of between 28 and 2,600 rpm. Designated BMC-10B and BMC-13B, the machines are supplied by Mills Marketing Services on Norwich 745531.

Chromatography

GAS chromatography equipment from Pye Unicam now includes the PU4751 Valve Oven. Designed to meet the need for automation of routine analyses in quality control and research, it fits into the PU4500 and Series 304 Gas Chromatographs to give a temperature-controlled environment for up to three automatic valves. The company states that the Valve Oven will form part of a series of new analyser systems to be introduced by its industrial projects group. More on 0223-358866.

Thyristor drives

FEATURING thyristor drives to the pumps resulting in extremely accurate calibration, says the company, Engineering Workships, a subsidiary of Cawdaw Industrial Holdings, has developed a range of low pressure polyurethane dispensing machines in outputs of 10, 20, 45, 80 and 110 kg/min capacities.

Microfilm

Making its first venture into the commercial camera market Vinten, the aerial cameras and film and studio equipment people, has launched its Microfile commercial 16mm microfilm camera aimed at the small to medium sized company. Over the past 12 years Vinten has led the betting shop security camera market with its Photobet range of 16mm time recording cameras. Details on 0603-613026.

Solenoid valve

NEW opportunities for systems control in remote areas are provided by a solenoid valve from Hymatic Controls. Capable of operating for up to 10,000 cycles without an external power source, the battery-powered Magnelatch solenoid valve is recommended by the company for such rugged locations as the sea bed, water irrigation schemes or any such place where an electricity supply cable is not available. More on 021-550 1827.

LOMBARD

An upper limit on unemployment

BY ANATOLE KALETSKY

THE ORACLES of Ancient Greece were always right but never in the sense that anyone expected. Their prophecies seemed inconceivable when taken at face value, but even the gods ignored them at their peril. For mortals, their usefulness lay not so much in predicting the future, but in giving retrospective justification to unintelligible events in the present.

Investors trying to weigh up the Government's chances of stabilising sterling might do well to look at some of the events of this week in the light of an oracular pronouncement that has been repeatedly heard, and misunderstood, in Britain since the late 1970s.

Soothsayers

When soothsayers in Britain's trade union movement prophesied public disorders as unemployment approached three million they were ignored even by those who were politically inclined to believe them. Indeed, like true oracular spokesmen, trade union leaders who talked of riots in the streets rarely seemed to comprehend what they themselves were saying.

The sceptics were right but, as usual, the oracles were more so. This week saw a collapse of public order without precedent in post-war Britain.

Nevertheless these were the unemployment riots which the trade union Cassandras had instinctively predicted. If only they had said two years ago that a state of continuous football hooliganism or race-rioting could be produced by mass unemployment instead of issuing warnings which evoked a return to the street politics of the 1930s, their message might have been more credible. More urgent steps might even have been taken to tackle youth unemployment.

Be that as it may, Britain now has 2.3m unemployed and another 100,000 school leavers are joining the dole queues at the moment. The risks of doing anything that would aggravate the causes of social unrest even further have now become enormous.

Strengthening the existing racial bias in the immigration and nationality laws will certainly make things worse. Those who regard recent events as a vindication of Mr Enoch Powell's prophecies, rather than those of the anti-unemployment lobby, should remember that Mr Powell has been repeating his predictions for 15 years now. He has been consistently proved wrong until this summer. What has changed most markedly between Mr Powell's "blood in the Tiber" speech and 1981 is not the proportion of coloured people in Britain, but the economic situation.

That brings us back to the implications for economic policy if the link between unemployment and rioting is accepted by the nation. Lord Scarman's report may be crucial in determining whether public opinion moves in this direction. If it does, then Toxteth, Brixton, Moss Side and Wood Green could have far reaching significance. They will have shown that there is an upper limit to the rate of unemployment which the country can tolerate and that we are already very near it.

Strategy

Until last week it was not at all obvious that such an upper limit existed. There was a line of argument in the Conservative Party that the Government's best electoral strategy would be to launch a renewed campaign against inflation, regardless of the consequences for unemployment. But any change in policy that involved further deflation, *even in the short term* may no longer be an available option after the country has digested the implications of this week's riots.

With luck, present policies may yet enable the Government to tread the tight rope between accelerating inflation and still higher unemployment. But if anything does go wrong, particularly in the foreign exchange markets, it may now prove much more difficult to raise interest rates or taxes to maintain the "economic strategy." It is perhaps just as well that there are still $26bn of reserves in the Bank of England to act as a last line of defence for sterling.

Farming from a wheelchair

BY ANTHONY MORETON

AROUND BRITAIN

CORNWALL

RODNEY HALL puts out a hand to welcome you and offers you a drink. He is fortyish and, like most farmers, casually dressed, with an open-necked shirt and a pair of slacks. But, unlike almost any other farmer, he is sitting in a wheelchair.

He farms Penrose Burden in the village of St Breward, 250 acres of some of the best land in Cornwall, and makes light of his spina bifida. In this Year of the Disabled, he is an example of how a practical experience of disability can be applied not only to expand farming into other directions but also to help others at the same time.

Mr Hall does not farm alone, of course. He has a farm manager and another employee and would hardly be able to cope without the help of his wife Nancy, herself a Cornish farmer's daughter. But what he has done is not just to continue working in the face of a serious disability, one that would have sapped the spirit as much as the body, of most people, but also convert the farm so that other disabled people may stay there and enjoy the benefits of country life.

Although Mr Hall was afflicted from birth with a form of spina bifida, it did not immobilise him. It was not until 10 years ago that severe back pains warned that all was not well, and he has become increasingly confined to a wheelchair.

That clearly limits his ability to get about the farm, but it does not stop him. "I have a Renault 12 which has been specially converted for use on the farm. It is an automatic with wide wheels to get over rough ground.

"The trouble comes when I get to a gate. Unless there is someone working in a field, I am stymied. I can't get out of the car to open and shut the gates. But I can get into town or go out to a restaurant because I can get straight from the car into my wheelchair.

"If I go into Bodmin, the nearest town, to pick up something for the farm, I ring the store or merchant beforehand and they will bring it out to me in the car. But I can also get out of the car into my wheelchair and move about.

"What it all means is that I concentrate to a great extent on administration of the farm, filling in the forms, paying the wages, and the manager effectively runs it."

Penrose Burden is largely a stock farm. Rodney Hall has some 500 sheep and 50 cattle, with a couple of fields of corn. It is easier to run than his previous farm because it is only about 400 ft above sea level and relatively sheltered.

The Halls originally farmed 600 acres at Trewinnow, at Davidstow, which is about 1,000 ft up and on the edge of Bodmin Moor. It was heavy and hard to work.

The decision to move out of Trewinnow was taken before Rodney Hall's back troubles became too serious but just at that time the market collapsed. It was two years after the oil crisis of 1973 that a Scotsman suddenly appeared to make the Halls an acceptable offer.

Penrose Burden, tucked away in the Cornish lanes, was in poor condition when the Halls bought it and needed rebuilding. But that offered them the opportunity to create something suitable for a disabled person. In the event, they rebuilt the main house on a different site and the result is a modern house with big picture windows to take in the wooded valley through which the River Camel flows.

Internally, the house has been designed so that the *main* rooms are all grouped on one floor. This happens to be the top floor because the house is built downward to fit the contour of the hillside and on this floor is a bedroom, a large living room decorated with sculptures and several paintings including one by Donald MacIntyre (there is another in the hall), Mr. Hall's office and the kitchen.

Below are the remaining two bedrooms, a swimming pool and a hydro-therapy pool. There is a lift attached to the banister to make it easier to go up and down.

The conversion of the outbuildings was planned by Mrs Hall to provide self-contained, self-catering accommodation. Like the house, they have been designed to make life easier for other disabled people who want to spend time in the country. Mrs Hall acknowledges the encouragement they received from the Country Landowners' Association.

They were also given some tangible aid from the English Tourist Board. "We had a 30 per cent grant for the three cottages but the board has now gone back to interest-relief grants and, frankly, these are not as good."

This has not stopped Mrs Hall from working on the conversion of their stone barn, which will add another three units. "We have learnt a lot from talking to our guests," she says, "and we are certain that we can fit improvements in the new places. A shower cubicle in addition to a bath will suit some people a lot better.

"The cottages are away from the main farming activities because, while guests like to wander round and see the livestock, the aromas of silage and cow slurry are preferred at arms' length for some reason!"

Even if the visitors do not take to the bucolic smells with great enthusiasm, the Halls encourage their guests to make the most of the farm, especially the "walks." They plan to build a hide above the Camel from which visitors will be able to watch the flora and fauna and, eventually, a fishing station.

To get from the house to the cottages Rodney Hall drove his latest acquisition, a battery-operated wheelchair. By the time he had gone into the garage for it and caught us up, we were by the cottages.

"Sorry to hold you up," he said, "traffic was heavy on the way!"

Mr. and Mrs. Rodney Hall, enjoying a respite from farming and visitors, at their holiday farm.

Piggott can land York double

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, for whom the July meeting proved something of a bonanza, turns his attention to the north today.

He is at York, his favourite course, in the afternoon, then takes in Chester's evening programme as he bids to maintain a narrow advantage over Carson at the head of the Jockeys Championship. At present Piggott leads the champion by four winners.

On the Knavesmire where, on the corresponding afternoon a year ago, he had to wait until State Trooper's last race victory before landing a winner, Piggott holds bright prospects of a double through Mr Peruser and Brave Hussar.

Mr Peruser, trained by Luca Cumani, was a disappointment last time out but had impressed most observers at Yarmouth when making his debut

After drifting ominously in the betting from 10—1 to 16—1 there, Mr Peruser belied his odds with a three-quarters of a length success over Come on the Blues.

Although Come on the Blues, who has since obliged, is well fancied to turn the tables, I doubt if even Carson's driving will see him reversing the placings with Mr Peruser.

Now that Taher, Cinderwench and Capricorn Line have all been pulled out of the opening Walmgate Handicap the way should be clear for Mr Jim Joel's Brave Hussar to get back on the winning trail.

A fine race is promised for the Philip Cornes Nickel Alloys Stakes in which Mr Peruser's stable companion, Man Overboard, will be attempting to cope with the highly rated Mubhedj.

THE AGA KHAN is hoping European breeders will rally round to keep the outstanding Derby winner, Shergar, this side of the Atlantic. He is offering 34 of 40 shares in the horse for £250,000 each. This puts a value of £10m on the stallion colt. He will accept payment for the shares over three and a half years at 10 per cent interest.

YORK

2.00—Brave Hussar***
2.30—Mr Peruser
3.00—Mubhedj
3.30—Touch Boy
4.00—Ganimede
4.30—Audley End

CHESTER

6.55—Corley Moor**
7.20—Star Burst*
7.50—Bronze Medal
8.20—Miss Quaver

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.55 Golf: The State Express Classic. 1.12 pm Regional News (except London). 1.15 News. 1.30-1.45 How Do You Do. 2.15 Golf: State Express Classic. 4.18 Regional News (except London). 4.20 Play School (as BBC2 at 11.00 am). 4.45 The Space Sentinels. 5.10 The Best of Horses Galore. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Comedy Classic (1) "Dad's Army."
7.25 Comedy Classic (2) "The Good Life."
7.55 Grace Kennedy with guest Marvin Hamlisch.
8.25 Love Story: "A Chance to Sit Down."
9.00 News.
9.25 Knots Landing.
10.15 Public School (London and South East only).
10.45 News Headlines.
10.50 Satchmo: Tribute to Louis Armstrong.
11.35 The Late Film: "A Professional Gun" starring Jack Palance.

All Regions as BBC1 except as follows:

Cymru/Wales—1.30-1.45 pm Bys a bawd. 5.10-5.35 Ci o'r enw Samson. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.25 Draw, draw yn tseina. 7.55-8.25 Bellamy's Backyard Safari. 10.15 Llangollen International Musical Eisteddfod. 11.05 News for Wales. 11.06 Satchmo (tribute to Louis Armstrong).—11.50-1.35 am The Late Film: "Secret Ceremony" starring Elizabeth Taylor.

Scotland — 9.55 am The Wombles. 10.00 Jackanory. 10.15 Godzilla. 10.35-10.55 Take Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Gardeners' Roadshow. 10.45-10.50 News for Scotland. National News.

Northern Ireland — 4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Lifetimes. 10.44-10.50 News for Northern Ireland. National News. 1.25 am News and Weather for Northern Ireland.

England—5.55-6.20 pm—Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend: Midlands (Birmingham)—Straight Talk; North (Leeds)—Class; North East (Newcastle)—Phone in Now; North West (Manchester) —Sweet and Sour; South (Southampton)—Bioscope Days; South West (Plymouth)—According to Hoyle; West (Bristol) — The Wurzels.

6.40-7.55 am Open University.

BBC 2

11.00 Play School.
4.20 pm Golf: State Express Classic.
4.50 Open University.
6.55 Journey Back.
7.25 Mid-Evening News.
7.40 Gardeners' World.
8.05 Mozart: The Last Decade.
9.00 Call My Bluff.
9.30 Playhouse.
10.50 Newsnight.
11.35 Golf highlights.
†12.15 am The Outer Limits.

LONDON

9.30 am The Bubblies. 9.35 The Amazing Apes. 11.05 The Ante Room. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Super Savings. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.25 Racing from York covering the 2.30, 3.00 and 3.30 races. 3.45 Father, Dear Father. 4.15 The Honey-Mousers. 4.20 The Adventures of Black Beauty. 4.45 Get It Together. 5.15 Sales of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 The Muppets Go to the Movies with guests Dudley Moore and Lily Tomlin.
8.30 Misfits.
9.00 Ladykillers.
10.00 News.
10.30 Police 5.
10.40 End of Part One.
11.10 The London Programme: The London Exodus.
11.45 SWAT.
12.45 am Close: Personal Choice with Dame Janet Baker.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Larry the Lamb. 9.40 Call It Macaroni. 10.05 Brass in Concert. 10.45 Cities. 11.35 Razzmatazz. 1.20 pm Anglia News. 3.45 The Entertainers. 5.15 Winner Takes All. 6.00 About Anglia. 7.00 Sale of the Century. 10.30 WKRP in Cincinnati. 11.00 Members Only. 11.30 Friday Late Film: "The Beast in the Cellar," starring Beryl Reid and Flora Robson. 1.10 am Methodists in Conference.

ATV

9.36 am Something Different. 9.50 Wild, Wild World of Animals. 10.15 George Hamilton IV. 10.40 In Focus. 11.10 Bailey's Bird. 11.35 Razzmatazz. 1.20 pm ATV News. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 David Janssen—TV Superstar.

BORDER

9.35 am Larry the Lamb. 9.45 Sesame Street. 10.45 Who's Afraid of Opera. 11.10 Survival. 11.35 Razzmatazz. 1.20 pm Border News. 2.00 Houseparty. 3.45 Untamed World (Thailand). 6.00 Lookaround Friday. 6.30 Out of Town. 10.30 Your MP. 11.00 Soap. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 3.45 Superstar Profile. 6.00 Channel Report. 6.30 What's On Where. †6.35 Laurel and Hardy in "Double Whoopee." 10.28 Channel Late News. 10.36 Late Night Movie: "Three In The Attic." 12.15 am News and Weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 Wilderness Alive. 10.45 Young Ramsay. 11.35 Razzmatazz. 1.20 pm North News. 3.45 A New Kind of Family. 6.00 Summer at Six. 6.30 Anstruther Fisheries Museum. 10.30 The Late Night Hororr Show: "The Wicker Man," starring Edward Woodward, Britt Eckland and Diane Cilento. 11.55 North Headlines.

GRANADA

9.30 am A Big Country. 10.00 European Folk Tales. 10.10 Razzmatazz. 10.30 Comic Stories. 10.35 The Flying Kiwi. 11.00 Sesame Street. 12.30 pm Warrington 500. 1.20 Granada Reports. 1.30 Warrington 500. 3.45 Super Savers. 6.00 Granada Reports. 6.30 WKRP in Cincinnati. 10.30 A Week on Friday. 11.00 Soap. 11.30 Today Tonight. 11.40 For Adults Only: "Where's Jack," starring Tommy Steele and Stanley Baker.

HTV

9.45 am Razzmatazz. 10.10 Beachcombers. 10.35 The Entertainers. 11.00 Sesame Street. 1.20 pm HTV News. 3.45 Do You Come Here Often? 6.00 Report West. 6.30 WKRP in Cincinnati. 10.28 HTV News. 10.35 The West in Westminster. 11.05 Soap. 11.35 Danger UXB.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Flalabalam. 4.15-4.45 O Dan Ddwr y Sinai. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Llangollen '81.

SCOTTISH

9.55 am Portrait of a Village. 10.20 Wild, Wild World of Animals. 10.45 Young Ramsay. 11.35 Razzmatazz. 1.20 pm News Headlines and Road and Weather Report. 3.45 Circus. 6.00 Scotland Today. 6.30 WKRP in Cincinnati. 10.30 Ways and Means. 11.00 Friday Night Thriller—"Death in Deep Water." 12.20 am Late Call.

SOUTHERN

9.30 am Untamed World. 10.00 The Lost Islands. 10.25 The Story of Tutankhamen. 11.30 European Folk Tales. 11.35 Razzmatazz. 1.20 pm Southern News. 3.45 Our Little Town. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Three's Company. 10.35 Bands Make It Rock, Boadica Make It Roll. 11.05 Soap. 11.35 Madam la Juge.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Untamed Frontier. 9.50 Gorge Hamilton IV. 10.15 Bailey's Bird. 10.35 Sesame Street. 11.35 Razzmatazz. 1.20 pm North East News and Lookaround. 3.45 Leave it to Charlie. 5.15 Clapperboard. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Friday Live. 12.00 Welcome Back, Kotter. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 3.45 Survival. 4.13 Ulster News. 5.15 Sale Of The Century. 6.00 Good Evening Ulster. 6.30 Welcome Back Kotter. 10.29 Ulster Weather. 10.30 Witness. 10.35 Mork and Mindy. 11.05 Golfing Greats (Tom Watson). 11.35 Bedtime.

WESTWARD

9.35 am Sesame Street. 10.35 Vicky The Viking. 11.00 Nothing Great Is Easy. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Superstar Profile. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Late Night Movie: "Three In The Attic"—starring Christopher Jones and Yvette Mimieux. 12.10 am Faith For Life. 12.15 West Country Weather, Shipping Forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 The Amazing Years of Cinema. 10.05 Tandarra. 11.00 Razzmatazz. 11.25 Welcome Back Kotter. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 3.45 Do You Come Here Often? 6.00 Calender (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 10.30 Benson. 11.00 The Friday Night Film: "A Pain in the A . . ."

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show with Tommy Vance (s).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Jean Challis (S). 4.00 David Hamilton (S). 6.00 David Symonds with Much More Music (S). 8.00 Barn Dance (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 The Grumbleweeds. 10.30 Barbershop Style. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

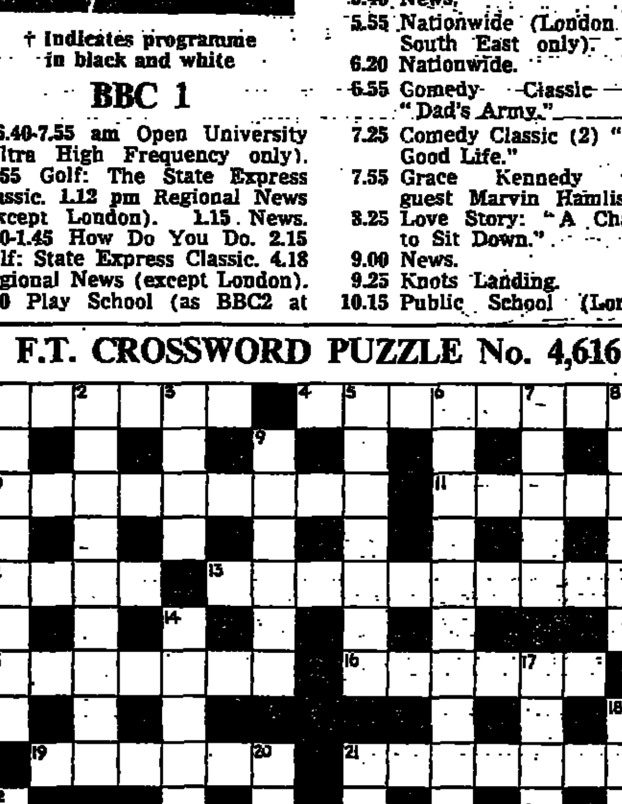
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Menotti. 10.00 English Piano Music (S). 10.45 Pro Arte Wind Quintet of Zurich (S). 11.35 Vivaldi and Mozart concert (S). 12.15 pm Russian Ballet Music part 1 (S). 1.00 News. 1.05 Russian Ballet Music part 2 (S). 1.55 Peter Knapp song recital (S). 2.50 G.B.S. on Music (S). 3.55 English Cathedrals and their Music (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play it Again. 7.00 Third Opinion. 7.30 "Rodelinda," opera in three acts by Handel, direct from the Everyman Theatre, Cheltenham, Act 1 (S). 8.35 Interval Reading. 8.50 "Rodelinda." Act 2. 9.45 Interval Reading. 10.00 "Rodelinda." Act 3. 11.00 News. 11.05-11.15 Messiaen (S).

VHF Only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.0, 8.0 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Happy Returns. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Making Friends with a micro. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Weigh-in. 4.15 In the Gaslight Glow. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather. Programme News. 6.00 News, including Financial Report. 6.30 Going places, including Continental Travel Information. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon with recordings from the BBC Sound Archives. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,616



ACROSS

1 Care over count (6)
4 Kitchener's implement encourages many into a falsehood (3-5)
10 One who serves drinks for a prison officer? (9)
11 Be in bow of ship during outward passage (5)
12 Grass on a plot, giving some fine material (4)
13 Romantic about a French garment from ancient Italy (5, 5)
15 Refined Eastern leader allowed to receive horse in retreat (7)
16 Doctor on the border of a scoop (6)
19 French bell giving protection for gardeners (6)
21 A feature of submarine fish (7)
23 Drunk and thirsty and stranded (4, 3, 3)
25 A way you, archaically, may become an eyesore (4)
27 Drag along the first of teetotallers to a bar (5)
28 Clear area that literally may have been left to be filled in later (4, 5)
29 Wait a second, a man is returning to the gallery (8)
30 Coming within a period that includes four Sundays (6)

DOWN

1 Rose up in arms concerning handsome woman and daughter (8)
2 A turn needed to provide support for one side of farmer's vehicle (9)
3 Following love and honour you must do as you are told (4)
5 Fish to catch and deck. With a wreath of flowers? (7)
6 Lear's lady-love was quite a barker (5-5)
7 In a particle to be seen at the back of the head (5)
8 Lead astray and foul net on the rocks (6)
9 Dexterous, according to the right in France (6)
14 Half-door to a small piece of land wherein to conspire (5, 1, 4)
17 What Hamlet was? A hound? (5, 4)
18 Sticking together in company, man takes on lease (8)
20 Destroy the greatest number, although farthest away (7)
21 Objective for sailor to attain (6)
22 Put a roof on which little church? (6)
24 This type of viewer can't see (5)
26 Second-hand American edition (4)

Solution to puzzle no. 4,615

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. NUREYEV FESTIVAL. Last Three Perfs. Ton't 7.30. Tomor 2.00 & 7.30. With The Boston Ballet SWAN LAKE. Nureyev dances every performance.

COVENT GARDEN. 240 1066 S (Gardencharge CC 836 6903). 65 amphiseats avail for all perfs except proms from 10 am on the day of perf. THE ROYAL OPERA. Ton't at 7.30 Peter Grimes. Tomor & *Wed at [illegible] *Mon & *Thurs [illegible] Figaro. *Tues at [illegible] *Covent Garden [illegible] places held until [illegible] up.

GLYNDEBOURNE Festival Opera with the London Philharmonic Orchestra. Until August 11. Tonight [illegible] Midsummer Night's Dream. [illegible] 5.55 Ariadne auf Naxos. [illegible] Fidelio. SOLD OUT. [illegible] returns. BOX OFFICE [illegible] 813424.

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THE ARTS

Cinema

Ken—the Time Lord

by NIGEL ANDREWS

Altered States (X)
Warner West End
The Aviator's Wife (A)
Academy 1
This Is Elvis (A)
Gate 3 Camden Town

Altered States is the latest startling evidence that Anthropithacus Russellus, more familiarly known as Ken Russell, actually exists today as a sentient and sapient film director. White-haired, wide-girthed and bearded like the bard, the Russellus has long been thought not to have survived the Mad Music-Movie Millennium: a fraught period in world cinema when great composers were regularly recycled for human nourishment and the genus Russellus, making its first infant steps into anthropophagy, fed itself on the flesh of such as Chaikovsky, *Liszt* and *Mahler*.

Now the "Ken," as the species is more endearingly dubbed, has leaped with wild eyes and flailing smock into the 1980s and produced a film that is in equal measure modern, maniacal and magnificent. *Altered States*, based on a novel by Paddy Chayefsky, is a scion of today's seesawing-between-poles-of-time trend. As movies and fiction lunge with a will into both Time Future and Time Ancient-Past—from *Alien to Excalibur*—Russell has chosen to dandle on his hyperbolic knees Chayefsky's fantasy-horror fable of a young Boston university teacher (William Hurt) who while researching into science and the psyche, discovers that trance-states and drug-hallucinations can drive man back in time and produce physical-genetic changes. After separately experimenting with isolation tanks and Mexican psychadelic mushrooms, our hero decides to combine both "trips" back into prehistory and actually turns—for a brief nightmare spree of mayhem, murder and sheep-eating—into an ape.

At first, around this cheerfully feral Sci-Fi fable—a Jekyll-and-Hyde for the post-Timothy Leary age—hover like nervous satellites much tendentiously whirling pseudoscience and much prop-up-the-plot characterisation. Blair Brown plays the regulation worrying wife, there but for the grace of some feisty language going Greer Garson: Charles Haid is the regulation caustic scientist, who pours scorn for the sole purpose of being on hand to mop it up later: and there is the regulation rent-a-mystic Mexican guru (Charles White Eagle) who inducts Hurt into the mushroom cult and lobs impenetrable *sagesse* at all who gather round to hear him.

But Homo Russellus has bounded bow-leggedly in and set about barrelling the story along at demon speed whether through action or hallucination or the polysyllable thickets of the dialogue. Russell on this form is hard to resist. His characters never sit down in demure, over-the-shoulder duologues, they scrape and scramble from room to room, fired up all alike with Messianic zeal. The laboratory scenes in *Altered States*, where Hurt's isolation-tank spells are monitored with encephalographs by his bearded swot of an assistant (Bob Balaban) and by sceptic Haid, have a real sense of tension, fear and dawn-of-discovery excitement.

But the film's finest, fieriest showpieces are the "hallucinations," which show what a marvellous surreal eye Russell has when his imagination is freed and he's not battening on putatively batty composers. (Memory *still* reels at the Cosima Wagner romp in *Mahler*, with Cosima playing butch, black-leather Brunnhilde to Gustav M's Siegfried and the screen pulsating with naughty nautch-girl Nazism). In *Altered States* the dream images — a many-eyed ram, fish swimming in the sky, a python twined round a parasol, a huge gaudy backcloth of orange flowers, two nude figures turning to sand and then eroded by a gusting desert wind — are fired straight from the mystical Unconscious, not filtered through layers of biopic bric-a-brac.

The rapid-fire cutting in these sequences, furthermore, and full-cry soundtrack are so potently, richly diselementing that when fantasy spills over into "waking" scenes—a misty green sea rising in the laboratory as Hurt regresses into man's marine prehistory, the "petrification" effect of the thrilling last scene — it's a seamless progression, not a sudden lurch into implausibility.

There *are* a handful of false steps and dotty lacunae in the film: most notably the too easily forgiven-and-forgotten mayhem following Hurt's ape-transformation. (Or perhaps murdered janitors are all in a night's work at Boston's Mad Science Department?) But *Altered States* has for the most part the courage of its fantastical theme and the pace to ride out its stylistic peccadilloes. It's the best film Russell has made since his prodigy-apprenticeship days on BBC TV.

Eric Rohmer's *The Aviator's Wife* is equally good and completely different. This mesmeric little film by the French director of *My Night With Maud* and *The Marquise of O* is Gallic to the core in its crazy-loquacious cerebrations around the theme of love, as a bunch of vari-aged young Parisians pursue *l'amour fou*, and not so *fou*, through Paris streets and parks and byways of misunderstanding.

The leading lovebirds are a 20-year-old student cum night-worker (Philippe Marlaud) and his 25-year-old office-worker beloved (Marie Rivière). She's having an on-off affair with an older married airman (Mathieu Carrière), whose footsteps the younger man jealously dogs all around Paris, accidentally picking up *en route* a new part-time girlfriend for himself, aged 15 (Anne-Laure Meury).

One can almost hear the Feydeau-esque doors slamming metaphysically in the characters' lives as bewilderment opens bewilderment and solved confusion opens up another. Echoes of Rohmer's "*Contes Moraux*"—*Claire's Knee, Love in the Afternoon et al.*—sound in the resulting maze, but the logic of comic despair is here even more ineluctable, even more hypnotic.

Long scenes unwind through a labyrinth of talk: but any qualms that it's "un-cinematic" are quelled by the trigger-image Rohmer impishly plants near his characters. Traffic ceaselessly surges behind the restless, café-haunting 20-year-old, a goldfish bowl and teddy bear nestle by the bed of his statelier, sadder, older girlfriend. Five years is a long span in the politics of romance, Rohmer tells us, and he makes every age-gap tell a story, every image a new chapter of it.

*

"There is no reason in this city for the vulgar performances of Elvis Presley" intones a city official, doubtless ancestor of the Muppet Show's Sam the Eagle, in *This Is Elvis*. "Vulgar, animalistic, nigger rock 'n' roll," scoffs someone else. Meanwhile, the shocking "Pelvis" himself, sending 1950s America into shimmers of delirium and outrage, bestrides the stage with tent-size jackets, heavy-lidded eyes above swollen cheekbones, and that deep-juddering voice that seems shaken out of him by the road-drill motions of his body.

Given a fascinating subject, *This Is Elvis*—in which newsreel and concert footage of the superstar is mixed in with scenes involving three different actors who portray Elvis at different ages—makes an almost total mess of it. The novelty of having never-before-seen footage of Presley at work and play is sabotaged by our never quite knowing which *is* the real footage and which the dramatised. Tiresome doppelgangers keep erupting into the screen, and the resulting movie is less like the definitive Presley bio-pic than a Come-Dressed-As-Elvis impersonators' party around the funeral casket. You can hardly tell the guests from the cadaver.

It's fun to have on record the indignation that flew up from America's cities, like a scowling cloud of smog, during the Presley age. But the film doesn't make it more than fun: it's a facile hindsight giggle at the puritanism of yore.

William Hurt in "Altered States"

Chichester Festival Theatre

The Mitford Girls

by ANTHONY CURTIS

Here is an invitation to immerse in the moods and melodies of the forgotten musicals of the 1920s and 1930s, pegged to the lives of Lady Redesdale's brood of daughters. The invitation has certainly arrived at the right address. The Chichester Festival Theatre is one of the nostalgia capitals of the world, and it greeted the performance with delighted shrieks of recognition. If you are wondering how you can be nostalgically bitter-sweet about going to fight in Spain or a passion for Hitler, the answer is that if you are Sherrin and Brahms on the warpath for material you can, with no trouble at all.

The Mitford Girls is another of their anthology-shows gathered from a wide variety of sources, with shrewd theatrical acumen and stylishly directed by Patrick Garland. He makes brilliantly inventive use of a set that consists of a huge black marble dais studded with naked light-bulbs that flicker in harmony with the music, and a vast lurex backcloth framed by a cupid's bow of a white iron staircase and balcony.

Down this enter a cast of ladies, marcel-waved in beaded, waistless, ankle-length ball-dresses. They are singing "Thanks for the Memory" in unison. The set of memories about to be raided are mainly stored in previously published works by Nancy, Jessica and Diana. The Hons Cupboard, governess-baiting, frank schoolgirl discussions about sex and the rest of the familiar mythology is trotted out in snippets of dialogue spoken by each of the sisters in turn, and sometimes their mother or Nanny.

The parts are often doubled: Patricia Hodge plays Nancy, and Muv; Julia Sutton, Pamela and Nanny Blor. This presents no problem, and, when it comes to the male roles, the Draconian Lord Redesdale and the daughters' various menfolk, Hamish Erskine, Peter Rodd, Esmond Romilly, these are all played by Oz Clarke, somehow contriving to sound and look like each of them in turn.

But singers, such as Liz Robertson, Patricia Michael, Colette Gleeson, and Gay Soper, do not really sound like the precisely articulating Mitfords, despite the pronunciation of "off" as "orf." Much of the chatter is tedious but, luckily, it is really only a cue for the songs. These might best be described as a series of show-stoppers, put across with such verve and feeling for the pre-War period that you tend to ignore the fact that there is not much of a show for them to stop.

The phrase from which the show takes its title is worked into a number, "Other People's Babies," originally by A. P. Herbert, with music by Vivian Eillis, in a musical called *Streamline*. Mr Ellis's other number, "I'm on a see-saw," also revives well in the second half, sung by Miss Hodge, as does the work of Farjeon, Coward, Weill, Cole Porter, and Lerner.

Finally, we are treated to a spectacular piece of tap-dancing, the ensemble beautifully led by Miss Robertson. It is only when the play touches on the ideological divisions within this extraordinary family that its make-believe world threatens to disintegrate.

Riverside Studios

War with the Newts

by ANTONY THORNCROFT

Prince Charles astride one newt splashing Lady Diana riding another; Robin Day and Malcolm Muggeridge floating around in an inflatable dinghy: Ken Campbell must be in town again. And so he is at the Riverside until August 2 with his production of *War with the Newts* which has been adapted by Kenny Murray from the novel of Czech writer Karel Capek.

This story of man's inhumanity to newts was first seen at the Liverpool Everyman and comes to London with more expectation than achievement. It is all very well having imaginative sets — half the acting area is a vast tank of (hopefully) warm water; it is even better to have your cast switching between every well-parodied TV and political personality for their parts; but it would be perfection if there was a funny line or a comprehensible plot anywhere in sight. It is the same old story — there is nothing intrinsically interesting in a good impersonation of Michael Foot or David Bellamy or Esther Rantzen: the words have got to mean something too.

And that is the trouble with *War with the Newts*. The rough storyline is man exploiting the labour of newts and then being taken over by the watery creatures. It's a simple enough parable, but it sinks beneath yet more weary spoofs of *That's Life*, the *Russell Harty Show*, and Morecambe and Wise. I would have thought "if you are short of an idea send up a TV personality" is a bit too trite for Ken Campbell: but here it all is.

The actors, compensating for a shortage of script, carry a heavy burden and are a credit to their profession. The House of Commons scene where Andy Rashleigh switches from Michael Foot to Tony Benn and back again while most other leading personalities are shared between the five other actors is a triumph of character over content: Caroline Bernstein also does well representing every woman you've ever seen "done" on television. Sometimes the very pretention of it all wins through—at least there is no slackening in the frenzy. There are also noble aquatic performances from a couple of human newts and a tadpole. They did not have many lines but they basked nicely.

Glyndebourne

Ariadne auf Naxos

by MAX LOPPERT

Wednesday's performance, first of the Strauss revival, disclosed a not wholly settled account of the opera, in which there were a sufficient amount of good things to explain why even an uncertain Straussian like myself should continue to find *Ariadne* irresistible. It belongs in this house, of course; and though under Simon Rattle's mercurial and enthuiastic but quite often overheated direction the balance of the tricky chamber-orchestral forces was apt to go slightly astray (not to mention the handful of flustered sounds heard from the LPO in the process), the "feel" of the opera at Glyndebourne is inimitably right.

As Michael Kennedy reminded us in a programme essay, Hofmannsthral was from the outset concerned that, if a theatrical diversion was what he and Strauss were engaged upon, a "very serious trifle" was what it must be. John Cox's production manifests admirable understanding of the exact nature of their curious and delightful collaboration, and of an entertainment that is something more than that. The seriousness of the work is in the pleasure it gives on several distinct yet commingled levels. Mr Cox and an atractive cast define those levels in quick, unfussy strokes. For once, however, though the Prologue was as observantly played (and stage-managed) as one expected, it seemed, for reasons principally connected with Mr Rattle's whipped-up attack, to flash by without having made full impact; whereas the *longueurs* of the Opera were happily little in evidence. It was a pleasantly unfamiliar experience of the work: but it will be more satisfying when the two parts are more equally weighted.

The Prologue should come into clearer focus when the conductor unfolds it more lyric-ally, and when the Composer of Maria Ewing—this was her first appearance in the role—learns to refine and concentrate what is already a freshly taken, touchingly unstinted interpre-tation. Miss Ewing's marvellous *agrodolce* features, her bearing slight yet determined, her huge eyes, all speak volumes in her favour; but she allowed the emotional intensity to pour out unrestrained, the voice to spill over the notes (to the point of shrill climaxes); "Musik ist eine heilige Kunst," above all, wants a longer, steadier line. The conversations between William Fox's Major Domo (capable but unidiomatic) and Donald Bell's Music Master (sincere ... but vocally unmellow) had less than their usual vitality.

Helena Döse

Alexander Oliver, the Dancing Master (doubling Scaramuccio), expertly combines impertinence and fleet stage address. The smaller comic roles—which, in the Prologue, include the Tenor and Prima Donna—all tell.

Zerbinetta is Gianna Rolandi of the New York City opera (making her European debut). In the interrupted romance with the Composer she was pert rather than enchanting; but in the Opera Miss Rolandi, whose tone is not really sweet but whose singing is well-schooled, and who commands the vocal and physical routines with a captivating naturalness, proved herself a performer both lively and delicate. Her troupe (John Fryatt, Mr Oliver, Willard White) is led by an urbane Harlequin, Dale Duesing — I wonder whether Mr Cox fully establishes his special, rather romantic identity amidst the merry-making. The contrasts of *buffa* and *seria*—which are the heart of the work—seldom come off as well as this.

Helena Döse has a real Ariadne voice, full, sensuous in colouring, capable of radiant expansion, and a welcome kind of complementary comeliness (Ariadnes who are all grand poses and not much physical charm are a bore). She "negotiated" the music—with already some success — rather than freely voicing it; this too was a first appearance, and much can confidently be expected in the way of development and rounding-out.

St Paul's/Radio 3

Schütz in the round

by DOMINIC GILL

The big musical works which are commonly performed in St Paul's Cathedral, like the Berlioz Requiem and the Missa Solemnis, are actually quite unsuited to it: the sounds of such gigantic instrumental and vocal forces are caught up by that vasty acoustic, swirled up into the dome, and transformed into the aural equivalent of melting chocolates, glorious for the first five minutes, infuriating for the rest:

It was the City of London Festival's excellent idea on Wednesday night to mount a concert in St Paul's of music that for once really gains from the space of the place. From his master Giovanni Gabrieli, Heinrich Schütz learned to conceive polychoral music with the huge antiphonal spaces of churches like San Marco in mind. The effect of a Schütz Concerto for double or quadruple choirs performed in a concert hall is not so much wrong as bereft — of its presence, and bloom, as well as much of its drama: the musical argument is essentially as ill-placed as that of a Beethoven string quartet in a cathedral.

The performers on Wednesday were the redoubtable Schütz Choir, with the Philip Jones Brass and London Baroque Ensemble, under the direction of Roger Norrington. For the sake of clarity one was glad of the choir's relatively small size, although at the biggest and most flamboyantly Venetian polychoral climaxes, when the voices were divided into four groups around us under the dome, one could have wished for twice as many again to set the air trembling and ringing more jubilantly still. The climaxes of Schütz's marvellous "Veni, sancte spiritus" and of the big dramatic motet "Es erhub sich ein Streit" with which the evening ended, were fine but in context dynamically a little tame.

That was sometimes as much a matter of timbre and attack as of volume. The Choir sang Alessandro Striggio's "Ecce Beatam Lucem," and the great "Spem in alium" of Thomas Tallis, both motets in 40 parts, spaced out in a full circle around us—a beautiful (and possibly even authentic) idea, which emphasised the freedom and wide-open part-movement of Tallis's masterpiece *especially*, and its contrapuntal surge and sway, but which also left the singers dangerously exposed. The 40 solo contributions were unavoidably uneven: one sensed gaps in the circle, and therefore in the movement of the music. If all 40 together had sung as grandly as the lustiest half dozen or so, it would have been a wonderful performance indeed.

The voices filled the space most effectively, and most comfortably, when they were grouped as two choirs — in Schütz's dark, mystical setting of the Prayer of Consecration "Unser Herr Jesus," for example, and in the jubilant "Ich danke dem Herrn" strongly and vividly sung. Norrington also directed a pair of Gabrieli instrumental sonatas, whose counterpoints and rhythms (some of which are quite snappy) were stretched by the acoustics nearly to the limit of audibility. No matter: next time why not go the whole course, and put the brass (allowing them plenty of time to get back their breath) in the high galleries around the dome?

Hammersmith Odeon

Randy Crawford

by ANTONY THORNCROFT

Randy Crawford, being young, gifted, and black sold out her London concerts this week. Judging by the first, at Hammersmith, she is finding such popularity a strain. She was nervous and despite the reassuring cries from the audience, there was some inhibition in her singing—a pity, because her songs rely on free-flowing emotionalism.

It took a look back to her gospel roots and her big hit "Street Lights" to relax her, by which time the concert was almost over. So what might have been an excellent evening was just very pleasant. Even so Randy Crawford obviously has the potential to be the Dionne Warwick, Aretha Franklin, you name it, of her generation and while her little girl lost appeal hardly matches her vocal maturity she still presents as good a blend of commercialised soul as you are likely to hear. She may have shed some of her musical lustre by losing The Crusaders as her band but the musicians with her responded well with some finely scored accompaniments.

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Friday July 10 1981

Painful ritual in France

AFTER A long reprieve, French industry is now to be subjected to one of those acts of ideological wilfulness which have plagued British business for the past 30 years. Eleven large companies are to be nationalised at one stroke, bringing the share of French industrial turnover under state control to more than 50 per cent. And most of the remaining vestiges of free enterprise in the French banking system are to be rooted out as well.

Elite system

French public opinion will probably accept this act with a surprising degree of indifference. The French people are accustomed to state control—the implementation of Le Plan both through direct intervention and, less tangibly, via the tentacles of an elite system of education and state patronage for senior executives. They have become accustomed to high rates of economic growth under this system. Indeed, it may partly have been the apparent coincidence of economic slowdown with M Raymond Barre's free market economic policy which swayed the French electorate to choose a socialist Government.

They know that a large private company, Saint-Gobain-Pont-a-Mousson, followed a Government suggestion when it made a spectacular foray into electronics and computers by buying control of Cii-Honeywell Bull and 23 per cent of Olivetti, the Italian office equipment company.

They know that the state-owned Renault has long been held up as a public sector success story, perhaps forgetting that this was a special case; public ownership was a punishment for collaboration during the war rather than any experiment in state control. All in all, France can fool itself quite easily into thinking that nationalisation need not make much difference to the workings of its industry.

But in time, this ritualistic act will prove itself to be either pointless or damaging. It is pointless so long as the new French ministers stick to their pledges to preserve the autonomy and identity of the nationalised companies. The gain will then be a symbolic reallocation of ownership. The cost will be a body-blow to the credibility of the French equity market for small savers, bitter haggling over the terms and means of payment, and a constant need thereafter to reassure France's business partners across the world that they are dealing with independent companies and not with organs of the French state.

After a period of pointlessness, the damage will surely begin. M Pierre Mauroy, the French prime minister, has already suggested that for all their independence, the nationalised companies will somehow be following "a dynamic investment and employment policy" ordained by Government.

Take the textile division of Rhone Poulenc one of the companies to be nationalised. Will this loss-making division be able to continue with a re-organisation involving a halving of its workforce? Or will this unpalatable plan provide an early test of the Government's pledge of independence?

The fact is that it is precisely now, when the growth which was once taken for granted has faded, that European economies need unfettered private sectors. The oil price rise has caused a radical upset in the cost of industrial inputs. There is a micro-electronic upheaval underway. The developing world is spawning new competitors in the production of industrial goods. This is a time when managements need to open themselves to the unnerving impact of market forces, and management in France, with the "catch-up" phase of French industrialisation largely complete, can be no exception.

There is likely to be even greater complacency in France about the nationalisation of the banks. It can be argued that about four-fifths of bank deposits were under Government control before the Mitterrand Government came to power.

Given the pervasiveness of state credit control, it is hard to argue that nationalisation will have much impact on French borrowers. The loser here will be the banking industry itself. Worldwide, the banking business is going through its own period of intense competition and technological change. At some stage the French bank sector, already over-manned, will have to adapt. But the chivvying effect of the private-sector banks is now to be repressed.

Subsidy

Whether in banking or in industry this decisive act of nationalisation may well create problems for France's business relations with the rest of the world. Foreign direct investment in France must be less appealing when the French state looms as a ubiquitous business competitor.

Finally, in the context of the European Community, the French Government's decision will hinder the emergence of modern and well-run companies on a European scale. The sad case of the steel industry shows how difficult it is to create a competitive European industry out of elements which have received excessive national subsidies in the past. Whether intentionally or not, the French Government is carrying out a nationalistic act which will foster a fragmented and nationalistic approach to industrial development.

Mr Biffen and the press

ATLANTIC RICHFIELD, the U.S. oil company, has put some £9m of its shareholders' money into the Observer newspaper in the four years that it has owned it. Earlier this year, it sold the paper to a subsidiary of Lonrho, whose chief executive, Mr Tiny Rowland, has wanted to own a national newspaper for some time, and has made something of a speciality of taking over ailing UK businesses.

The journalists of the Observer, led by Mr Donald Trelford, their editor, have fought the Lonrho takeover. Through all the arguments that have emerged from the Observer in the past few months, the recurring theme has been distrust of Mr Rowland. The paper has a long and honourable tradition of independence from commercial interests, and a broadly liberal approach to domestic and world affairs. In spite of a number of assurances from Mr. Rowland, the journalists did not feel Mr Rowland's guarantees were enough to ensure the paper's continuing independence.

Conditions

Mr John Biffen, the Trade Secretary, faced almost exactly the same set of conflicting priorities earlier this year, when Mr Rupert Murdoch bid for The Times and Sunday Times. Here too the business was losing money, the existing shareholder had had enough, and the journalists distrusted the style of their new owner.

The conditions that Mr Biffen has set for Mr Rowland's takeover of the Observer are similar to those he set for The Times, though there are some differences of detail. Very broadly, he has attempted to institutionalise the traditional independence of the editors of The Times and Sunday Times and the Observer by arranging for the appointment of "independent directors"

We warned last week, after the publication of the Monopolies Commission report, against the dangers of ministers involving themselves in how newspapers are run and managed. We remain uneasy about the way that Mr Biffen and his department have been sucked into The Tiems and Observer affairs under the catch-all clause of the Fair Trading Act which refers to the need "for accurate presentation of news and free expression of opinion."

High quality

As for the role of the Monopolies Commission, it should never again be asked to judge the suitability of the character of a particular individual or company for ownership of a newspaper. Its report last week has been condemned by Fleet Street, and Mr Biffen has quite rightly ignored its detailed recommendations. Where the Monopolies Commission does have a role to play is in the area of its traditional competence — in deciding whether a newspaper merger creates a commercial monopoly.

That leaves open the question of how the high quality of much of British journalism can be maintained in a commercial environment where newspapers are finding profits hard to earn. The answer to that problem must be found within the newspaper industry. The Observer, the Times and the Sunday Times may benefit from the support they have received from Mr Biffen for their editorial independence. But Fleet Street cannot look to the Government to steer it out of its financial and industrial relations problems and it should not rely on governments either to tell it what a free press is or to help it preserve one.

PENSIONS IN BRITAIN

Occupational hazards

By Barry Riley and Eric Short

A WELL-PAID employee nearing retirement may well have a pension waiting for him backed by many tens of thousands of pounds. In many cases these resources form the greater part of his personal wealth—often more valuable even than his house.

But he has almost no control over them and he may lose large parts of his benefits through the operation of obscure clauses in small print in the scheme agreement of which he may well be unaware.

The dangers were underlined by last month's report by the Occupational Pensions Board on the inadequate transferability of pension rights. But the report's solution has widely been rejected as unsatisfactory. The next step needs to be a far more wide-ranging debate on pensions, covering a number of alternatives to the established UK system, and giving proper weight to opinions from outside the pensions industry itself.

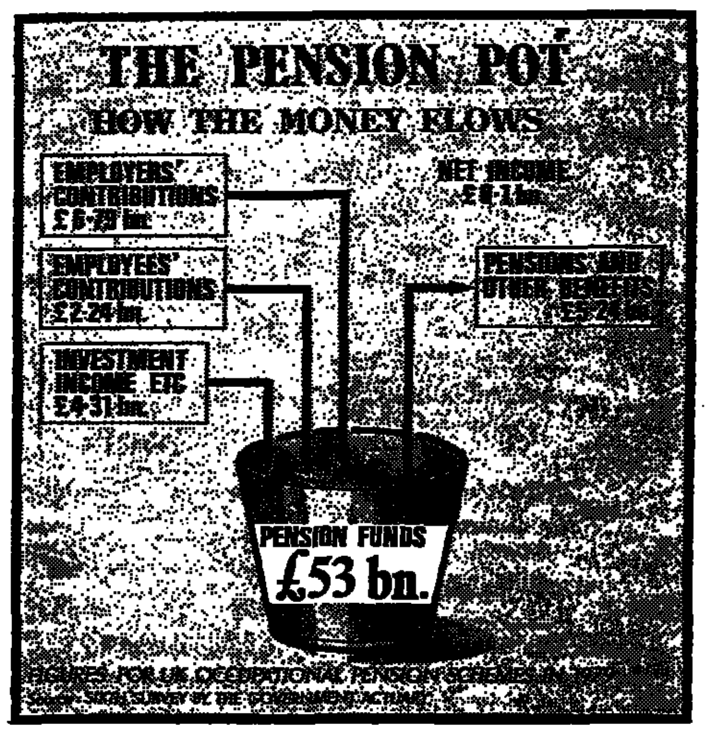
The amounts of money involved are enormous. Last week the Governement Actuary released the findings of the sixth official survey of occupational pension scheme, setting out the statistics of the pensions industry in 1979. At that time the total resources backing pension schemes, both in the public and private sectors, were an estimated £53bn at market values.

With income exceeding expenditure on benefits by about £8bn a year, and investment values generally buoyant, the total halfway through 1981 could well be approaching £70bn. According to the 1979 survey, some 11¾m employees were members of occupational schemes, paying total contributions of £2¼bn a year (a third of what their employers were contributing). Meanwhile, 3¼m pensioners were receiving £3.5bn a year.

This colossal industry now faces two major challenges. One is that the sheer cost of pensions is becoming too high. It was a question raised by Sir Geoffrey Howe, Chancellor of the Exchequer, when he addressed the annual conference of the National Association of Pension Funds in May. He quoted demographic trends, indicating that the proportion of retired people in the population has risen in 30 years from 13½ to 17½ per cent, and is still rising. Moves towards earlier retirement can only aggravate the problem.

The second challenge is that as many of the newer pension schemes approach maturity—and therefore have many members nearing retirement—their failure to deliver the promised benefits to more mobile employees is becoming painfully obvious.

The OPB put forward the principle that there should be no discrimination against people who change jobs before completing 40 years' service. Preserved pensions—the amount an employee is entitled to up to the time he changes his or her job—should not be at the mercy of inflation, but should ideally be revalued in line with the general movement of earnings.



Martyn Barnes

But it then nullified this principle by proposing no more than a 5 per cent mandatory revaluation, wholly inadequate in conditions of double-digit inflation. In the end, the OPB was moved much more by considerations of what employers could, or would, afford rather than by principles of equity.

Members of the board thought that their proposals could be accommodated at a maximum cost of no more than 1 to 2 per cent of the payroll, compared with the existing typical contributions of 15 to 20 per cent, taking employers and employees together.

The OPB made no attempt to calculate the cost of full revaluation, but implied that it would be so high as to endanger the whole scale of normal pension benefits. These typically provide for a pension of two-thirds of final salary at retirement, after 40 years in a scheme.

So the obvious question is whether a far more radical investigation into the structure of occupational pension schemes, and their relationship with the state scheme, needs to be undertaken.

The origin of final salary schemes lay in the methods of remunerating white-collar workers—especially in the insurance and banking industries—in the early decades of this century. The reason for linking the pension to the level of the final salary was not inflation, which was often nil, but the need to recognise the clearly defined career structure of salaries, with a built-in system of yearly increments.

Pensions were a reward for loyal service — those who changed jobs and left early got nothing. This approach has been uncomfortably transformed, with inadequate modification, into today's universal company pension schemes. Mobility is much greater in most industries than in insurance companies. According to the 1979 survey, the annual turnover of scheme members in the private sector averages 12 per cent (though it is not much more than a quarter of this for members with over five years' service).

Moreover, enforced redundancy is nowadays a widespread problem, and though special benefits may be available in some cases, financially hard-pressed companies are in no position to be generous.

By law, a company pension scheme has to allow for transfers when a member changes jobs, rather than merely leaving the money where it is. But these provisions have also proved totally inadequate in most cases, at least in the private sector. At present there is no requirement for the actuarial treatment to be consistent between one scheme and another, or even within a single scheme for transfers in and out.

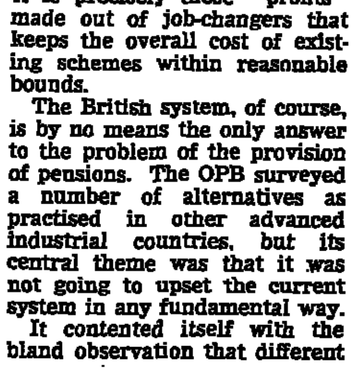
> ❛ There is a real risk that the working population may come to question the justice of further increases in this (public expenditure) burden❜
>
> —Sir Geoffrey Howe

When calculating the terms of a transfer, the trustees of the previous scheme will refuse to accept any responsibility for upgrading benefits in line with earnings, although this would have to be done if the employee had not changed his job. The actuary at an employee's new scheme, however, will take the cost of such upgrading into account. The combined effect is a severe loss of benefits. Often a job-changer with 20 years' service will be credited with fewer than 10 years on transfer to the new scheme.

In baulking at the cost of a more equitable system of transfers, the OPB was accepting that it is precisely these "profits" made out of job-changers that keeps the overall cost of existing schemes within reasonable bounds.

The British system, of course, is by no means the only answer to the problem of the provision of pensions. The OPB surveyed a number of alternatives as practised in other advanced industrial countries, but its central theme was that it was not going to upset the current system in any fundamental way.

It contented itself with the bland observation that different



countries have different histories, institutions and traditions of collective action

Yet even without straying outside the bounds of the present UK system, the OPB could have recommended an extension of the state scheme provision through the simple expedient of a substantial rise in the ceiling on qualifying earnings. This is at present set at around 1¼times average earnings, a level originally selected so that there would be planty of room left for occupational schemes. It also has the advantage that it is linked to the earnings index.

Yet it is precisely the occupational schemes which cause the transferability problems. Once the present state scheme approaches maturity, which admittedly will not happen until 1998, transferability will essentially be a problem only for the higher-paid.

A more dominant state scheme would bring problems, notably in that a swing away from funded pension schemes towards the pay-as-you-go state method, whereby contributions are effectively channelled almost immediately into pensions, might seriously alter the balance in the financial markets. But, in any case, there are serious misgivings about the size and power of the pension funds.

As for the higher-paid, their requirements could be met by a greater use of money purchase schemes, much like a self-employed policy, which would relate benefits specifically to the contributions paid by individual employees, and by employers on their behalf. The individuals could then take these policies with them when changing jobs. It is interesting to note that several life insurance companies are now marketing such plans for employers as an alternative when the cost of funding final salary schemes appears to be too great a burden.

A second radical solution would be the amalgamation of many of the individual company schemes into industry-wide schemes. At its least ambitious level, this would solve the problems of job-changers within the same industry—which in many occupations will cover a large proportion of moves. An example of such a scheme which already exists is the one operated by the Motor Agents Association; another is run on a regional basis by the Birmingham Chamber of Commerce.

The funding principle would remain untouched, and most employees would have the same sort of transferability rights as are already enjoyed in the public sector and within large industrial groups, where employees can move without penalty between subsidiaries and associates.

The requirements of individuals moving to quite different occupations could be met, however, only by integrating and co-ordinating the coverage of industry schemes, in the way that has been developed in France.

The French system involves a general state scheme providing a pension of about 50 per cent of pay for most workers with a complementary occupational scheme on top adding a further 20 per cent. The employee hashis pension rights defined as points earned each year and he carries these around on changing his job.

The scheme results in pensions based on average salary revalued for inflation and the system is financed on a pay-as-you-go basis with considerable cross-subsidies between industries. The young, expanding industries help to finance the declining ones.

Such systems, however, require the acceptance of more centralised decision - making than is common in the UK. And no system, whatever its operational merits, can avoid the need to face up to the cost penalties of giving a fair deal to the job-changer.

Conventional UK company pension schemes involve an effective subsidy of those who stay with a company by those who leave it. They also incorporate a subsidy of the more highly paid—especially those whose salaries rise late in their careers—by the lower-paid.

The implication is that a system designed to deliver a reliable pension of two-thirds of final salary, particularly if proofed against subsequent inflation, would simply be too expensive to be contemplated by employers and, indeed, by employees.

At the NAPF conference, Sir Geoffrey did not display any eagerness to take on an extra burden on behalf of the state. He complained that public expenditure on pensions had already risen in real terms by over 60 per cent in the last 10 years. "There is a real risk," he suggested, "that the working population may come to question the justice of further increases in this burden."

The offering of index-linked gilt-edged stock to the pension funds can be seen as a way of bringing private schemes partly under a state umbrella, by providing protection against inflation. Yet this week the Bank of England had to concede a real interest rate far closer to 3 per cent than the 2 per cent originally hoped for. Actuaries need such a rate to keep schemes solvent—but the cost to the Government is high.

At some point, future generations may refuse to honour all the obligations that have been imposed upon them by their elders. If pensions are to be made fairer, they may also have to be pitched at more modest levels.

HOW BRITISH PENSIONS WORK

EVERYONE IS entitled to the basic state pension. Thereafter an employer has two choices: it can contract into or contract out of a second tier state pension scheme.

If it contracts in the employee is entitled to an additional state pension based on yearly earnings from 1978, the year the scheme went into operation. This pension is revalued in line with average earnings and known as the Guaranteed Minimum Pension (GMP). In some cases there may be an extra tier company pension on top of this, usually because the earnings-related state pension does not apply above a specified earnings limit.

If it contracts out the employee gets a company pension based on his salary when he retires and his years of service. By law this scheme must give him a pension at least as good as the GMP.

The state pension is not affected by any job changes. But under the present system the size of a final company pension can be dramatically affected by changes in employment.

MEN AND MATTERS

New head for Imperial crown

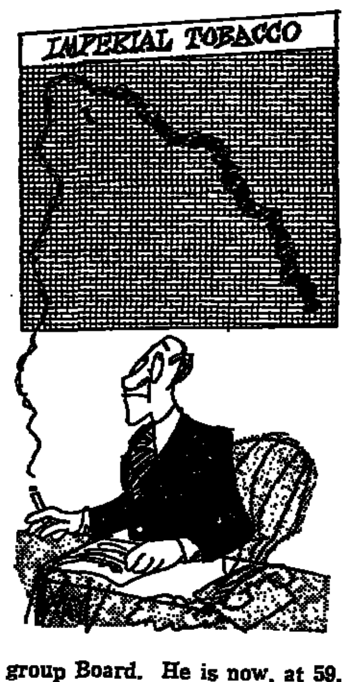
The tropical storm thundering away outside the windows of the Imperial Group boardroom provided a suitably melodramatic backdrop yesterday for news of bad interim profits and the departure of Malcolm Anson after little more than a year in the Imps chair.

Anson's successor, Geoffrey Kent, told the story. "My managerial style — (gothic thunderclap)—is different from Mr Anson's . . . the style I have —(bolt of lightning)—is more appropriate for the needs of the group."

With group pre-tax profits for the half down from £70.7m to £29.7m, those clustered in the claustrophobic, low-ceilinged boardroom with its garish orange trimmings and lavatorial lighting might have hoped to hear of a managerial storm as fierce as the climatic one. But while the switch was surprising —"I thought I was only coming here to discuss unpleasant results" commented one divisional press officer afterwards—Kent denied any open skirmishes. There had been, he said, "a gradual feeling towards consensus . . . no vote was taken, no hands around the table."

Of Anson there was no sign, save for duplicated copies of a restrained abdication address alluding to "changing and challenging times" and the need to resolve "differences" within the Board. He was later seen leaving the Hyde Park Corner headquarters in a blue Rolls-Royce, bringing to an end a working lifetime within the group. He should have some consolation, however, in the shape of a severance payment probably approaching £300,000.

Kent comes to the chair after 23 years with Imps. He joined John Player as advertising manager in 1958, became chairman of that company in 1975 and in the same year joined the



group Board. He is now, at 59, only a year short of normal group retiring age, but plans to stay longer than his predecessor "if I have anything to do with it."

Imps is, says Kent, on course for a more "hands-on" managerial style than it saw under Anson. While he does not intend to go as far as to centralise the actual running of the divisions, which range from tobacco and brewing to U.S. motel chain Howard Johnson, he does want more emphasis on an overall group strategy, with common objectives, standards, and information systems for the various activities.

Gas mantle

Having spent nearly five years at the National Enterprise Board, latterly in charge of divestments, John Speirs has hived himself off to become UK managing director of Norsk Hydro, the Norwegian state-controlled energy and metals group.

Scots-born Spiers will be the first Briton to hold the post — taking over from Stig Rantsen, a Dane, in September — and the move could mark the start of a strong expansion of Norsk's operations in this country.

Britain is already the group's biggest overseas market through its sales of gas to the British Gas Corporation. But the company, shortly due to move to new offices in Twickenham, seems ready to establish an oil and gas exploration division here.

Speirs will be keen to see Norsk putting down manufacturing roots on this side of the North Sea. He speaks no Norwegian — despite an ability to get his tongue round the Scottish lowland dialect Lalance — and his future with Norsk may be firmly tied to its growth in Britain.

He admits to mixed feelings about leaving the NEB where, rumour has it, his division may shortly disappear into the operations sector in the merger with the National Research and Development Corporation. But Speirs points out that his entire career has not been confined to state organisations. He spent 14 years with Tube Investments, including a spell as director and general manager of the TI Stainless Tubes group.

Not out

Those who were surprised to read in the Monopolies and Mergers Commission report on the Observer that "Tiny" Rowland, chief executive of Lonrho, was considering retirement, might not be so surprised to learn that the controversial entrepreneur has been reviewing the matter in the light of developments. "Sir Godfray Le Quesne," Rowland said yesterday, "gave me the kiss of life when he gave me clearance of the Observer purchase. I shall have to reconsider my retirement plans."

Wrong number

I understand that British Telecom's figure for the costs of coping with a free market in telecommunications has not been arrived at without the odd revision. The figure—£450m or £30 per household—was presented at a private seminar held in the Department of Industry and was denounced by Dame Elizabeth Ackroyd for the Post Office Users National Council as scaremongering. But she had not, as it were, heard the half of it. One of the early proofs of British Telecom's report refuting the pre-free-market proposals of Professor Michael Beesley put their cost at £900m. A sighting shot?

Mint value

The Turkish economy, I see from the Istanbul daily Gunaydin, is now being held together by chewing gum. Sales have soared in recent days as small traders, hit by a shortage of coins, have been giving customers their change in strips of gum. The practice is widespread among grocers and dolmus (shared taxi) drivers.

New coins, says the Mint, are being put into circulation daily but the shortage continues because many Turks are saving them as souvenirs. It could be six weeks before the works are ungummed.

Kick back

Imperial memories fade slowly, it seems. A French Communist Euro-MP and football fanatic finding himself beside Otto von Hapsburg, German CSU member and heir to the vanished empire, asked: "Did you see the Austria-Hungary match?"—"Against whom?" von Hapsburg queried politely.

Jason Crisp reports on the growing use of electronics in the motor car and the technical and cost problems involved

Microchip in the car: no easy revolution

GENERAL MOTORS has taken to boasting it is the largest manufacturer of computers in the world. It does, of course, depend on how you measure such things. But since last autumn every petrol engined car it makes in the U.S. is equipped with a sophisticated computer controlled engine management system.

General Motors' subsidiary Delco Electronics is a major manufacturer of microchips. It supplies 30 per cent of GM's massive needs for a wide range of integrated circuits which are used in the 4m cars a year it currently produces.

Few car manufacturers have embraced microelectronics quite so wholeheartedly as General Motors — although Chrysler was the first down this path with an electronic ignition system. Indeed, microelectronics has been viewed with much apprehension by parts of the industry—which is traditionally conservative and steeped in 80 years of mechanical engineering. And until recently the technical problems of making microchips tough enough to survive the quite extraordinary hostile environment of the car were formidable.

The semiconductor manufacturers have long looked towards the car industry as a potentially very rich hunting ground. But heady predictions in the late 1970s that it would become the biggest single market for microchips, causing serious capacity problems, have recently been toned down. Demand from the car industry is unlikely to outpace that from office automation, telecommunications or the computer industry.

There is no shortage of applications of microelectronics in cars although there remain considerable cost and technical problems. Excluding car radios and hi-fi equipment the major application to date has been in engine management systems — and will continue to be for some time. Other applications include instrumentation, safety devices, trip computers, and navigation systems.

Prophecies that by 1985 10 per cent of the cost of a car would be in microelectronics have also been revised. Mr Jerry Rivard, chief engineer for Ford in the U.S., does not think it will exceed 5 per cent. The fall in microelectronic prices will compensate for their increased use. At present electronics account for 2½ per cent of the cost of a Ford car.

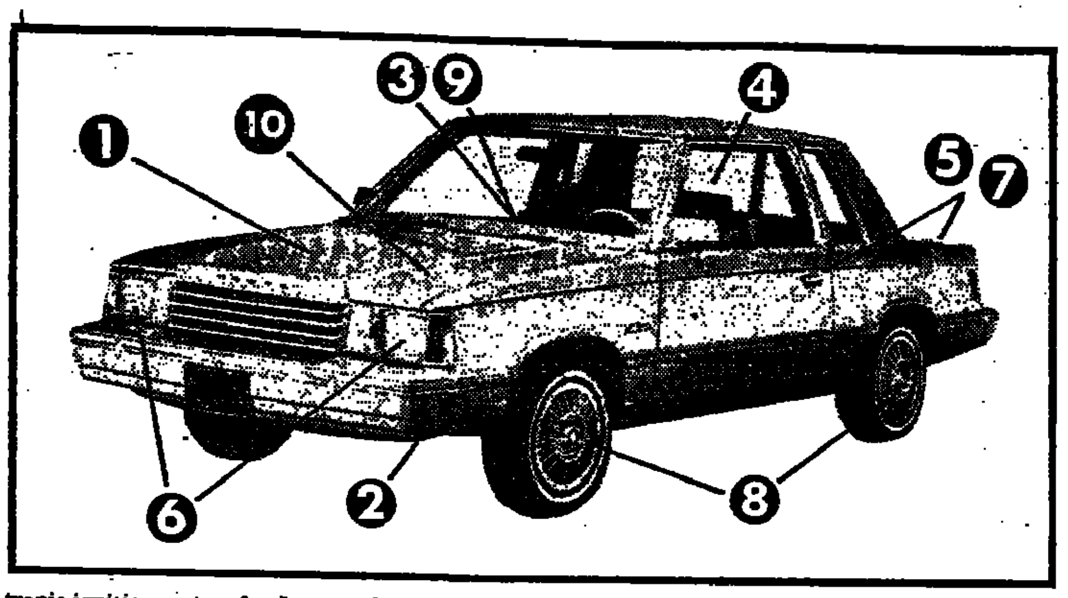
The driving force behind the introduction of microelectronics to cars has been the strict legislation in the U.S. on exhaust emission and fuel consumption.

In Japan too, even stricter rules on exhaust emission are sending carmakers rushing into electronics. And a fondness for gadgets and providing extras is finding many more applications.

There is growing concern in Europe, from car and component manufacturers as well as governments, that the rapid growth in automotive electronics in the U.S. and Japan will leave the European industry out in the cold.

There are strong signs that European manufacturers are now trying to catch up. In France, Renault has a joint venture with Bendix, the large U.S. components manufacturer, near Toulouse, called Rennix. Peugeot, the French car manufacturer has a link with Thomson, the electricals company.

In Britain Smiths Industries and Lucas are both becoming more involved in electronics. For instance Smiths provides the trip computer in the top of the range Mini Metro. And Lucas supplies BL with an electronic ignition system for Jaguar and Rover.



THE MICROCHIP FUTURE

1. Engine management systems. Controls fuel mixture, ignition timing and exhaust.
2. Automatic gearbox control.
3. Cruise controls, which keep the car at a constant speed.
4. Electronically controlled heating and air conditioning systems.
5. Anti-theft devices.
6. Automatic headlamp adjustment.
7. "Keyless" entry.
8. Anti-skid brakes.
9. Electronic instrumentation.
10. Multi-plex electronics.

On the typical engine management system found on U.S. cars the computer will monitor the engine speed, the air temperature and pressure, the throttle opening, the position of the pistons and temperature of the coolant many times a second. From this information it constantly adjusts the air to fuel mixture and the ignition timing, and it controls the pollution equipment.

Ford in the U.S. claims that its latest system, Electronic Engine Management 03, the third in three years, does the equivalent calculations to 400,000 hours of an engineer working with a calculator in just one minute of engine running time.

On General Motors' Cadillac range the computer selects how many cylinders are in use at any time on its standard 6-litre V-8 engine. Depending on the demands being made of the engine it automatically — and almost imperceptibly—switches from four to six to eight cylinders.

In addition, computerised engine management controls are being extended to automatic gearboxes as they can use finer and more variable control. It can also be used to diagnose faults—either to warn the driver or to help the garage locate a fault.

In the U.S. there has also been widespread introduction of electronics into the vehicle controls. Electronic cruise controls, which keep the car at constant speed, are common as are electronically controlled heating and air-conditioning systems. Other uses of electronics include anti-theft devices, automatic headlamp adjustments, and "keyless entry"—you press a code number on a little key pad.

Instrumentation is a major area where electronics are expected to make inroads both in the replacement of electro-mechanical parts and in the display of information. First to plunge publicly into this difficult pool was Aston Martin in 1976 which caused consternation in the car industry when it announced the new Lagonda would have an all electronic dashboard. It was to have a wide range of instruments with electronic digital and analogue displays, for each function.

That proud boast was to become a long and painful headache for Aston Martin. Neither a firm of specialist consultants nor a university engineering department could solve the considerable technical problems. Eventually it had to buy a much more modest off the shelf system from a U.S. company.

There are a number of problems—not yet solved—with electronic instrumentation. First there is the difficulty of producing an electronic display which is visible in bright sunlight. Second if it is to be analogue—ie in the conventional format of dials, it can involve a large amount of cumbersome wiring. Great arguments rage over whether the information is best presented in digital or analogue form.

For instance a digital speedometer is quicker to read but it is not so easy to gauge change in speed and the flickering between numbers can irritate.

A number of other applications both present and future has been identified by the car makers and semiconductor companies. Electronic anti-skid brakes developed by Bosch are already being fitted to BMW cars and to some Mercedes-Benz lorries. Future applications include sophisticated automatic load levelling—increasingly important as cars become lighter and therefore more unbalanced by heavy loads.

Another particularly attractive application is to "multiplex" the car's wiring. It means the great (and heavy) loom of wiring is replaced by two wires running round to every electrical component. One carries the power and the other an electronic signal which is recognised only by the device which is to be switched on or off. Few people in the industry see this as commercially possible before 1985 — mainly because of the high cost of the switching device at each component. (Britain's GEC last year went into a joint venture with Ward and Goldstone on a company called Salplex to develop such a wiring system.'

In Germany there is currently an experimental electronic route guidance system being run on a small section of autobahn. A small computer in the car can navigate for the driver and warn him of potential hazards or traffic problems by receiving information from loops buried under the road which are connected to a central computer.

Although the applications of electronics in cars are both wide and numerous there has been and still are a number of steep hurdles.

The car, especially under the bonnet, is a very hostile environment for a microchip. The car manufacturers demand a very high level of reliability and expect the chip to be able to operate in temperatures ranging from −40°C to +120°C and a humidity of up to 100 per cent, to be vibrated with forces of up to 20G, to be exposed to salt, acid and petrol and to suffer high levels of electrical interference, all at a low price.

Many of the technical problems of achieving sufficient reliability have been solved. Even so, engine management systems have a "limp home" facility should the microelectronics fail.

But the cost problems remain. The biggest ones are where the electronics system meets with the physical environment it is measuring and controlling. The cost of sensors and actuators is often prohibitively high.

The relationship between the motor and electronics industries has not always been totally harmonious. The car industry has little in common with the brash, rapidly expanding semi-conductor companies with their rapidly evolving products. It takes many years to get a car from the drawing board into mass production, during which time the semi-conductor industry's products will have gone through several complete generations.

The car industry's unwillingness to commit itself to long orders has made the semi-conductor industry somewhat wary of investing in the increasingly expensive wafer fabrication plant. Reluctantly the automotive industry has found that it must commit money to the design of custom built microchips which can be an expensive process.

European manufacturers are at a disadvantage to U.S. and Japanese competitors. Lacking the stimulus of legislation they will be entering automotive electronics much later than the U.S. and Japanese companies which have gained substantial price benefits from getting into high volumes. Second the relatively low volumes of production of European car manufacturers make it much harder anyway to justify the costs of developing and producing electronic components.

Letters to the Editor

Index-linked stock

From Mr G. Barrow

Sir,—The letter from me which you published in your columns on Tuesday was written on Monday morning when it was already apparent to some of us that the authorities might have made a miscalculation in coming to the market with a further issue of £1bn index linked stock. At that time I judged that successful tenders would be £92½ and above but that the Government would only succeed in disposing of between £500m and £750m at that price. I was pessimistic but insufficiently so. We now know the outcome.

My guess—it can be no more—is that the authorities originally planned a traditional issue. When it became apparent that such an issue would have to be made in the face of a market expectation of an imminent rise in minimum lending rate a late decision was taken to bring forward the next index-linked issue, probably originally planned for the autumn. This would be in line with the Chancellor's statement that index-linked stocks were intended as an instrument of monetary policy, not of pensions policy. In my view the authorities were insufficiently informed as to the illiquidity of pension funds. This misjudgment could be explained if a decision to change to an index-linked issue was a late one by the Treasury.

My apprehension is that, wrongly, the outturn of events will be attributed to a deliberate plot by those whom Lex (July 9) describes as "the brilliant men who manage pension funds," rather than a result brought about by circumstances. I suggest that it is important to identify the real lesson to be learned. It is that if issues of index-linked gilts are to be regarded as a tool of monetary policy they need to be available to a wider group of investors than pension funds.

There will be many—including, Sir, yourself in your leader—who will advocate this course. In my view it is one which is fraught with danger. It would be difficult to draft an effective condition which would widen domestic ownership without extending ownership to overseas investors. Substantial overseas holdings of these stocks might greatly aggravate the balance of payments problems of a future Government in a time of economic stringency. It is true that the existence of index-linked debt should give Governments an overriding incentive to control inflation but surely the events of the last 35 years have demonstrated that any UK Government which single mindedly pursues an economic imperative, whether that be the maintenance of full employment, the reduction of the long-term rate of interest, the external value of sterling or, dare one say it, the reduction of inflation impairs its ability to manage the economy. The independence of economic action by UK Governments is already limited and is likely to become even more restricted with the passage of time. It is folly to give needless hostages to fortune.

My hope is that the authorities will continue to issue tranches of index-linked stock on similar terms to the first two issues at a rate which experience shows the restricted market is able to absorb. The terms on which they are issued can still have a significant effect on long-term rates of interest but it is an instrument to be handled with a subtle touch, not a sledgehammer to be wielded as an alternative to traditional funding.

G. E. Barrow.
Reform Club, Pall Mall, SW1.

Net of income tax

From Mr J. Harrison.

Sir,—Why is the interest on both 2 per cent index-linked stocks to be paid net of income tax to the restricted holders, who by definition are exempt from tax?

John Harrison.
7 Regal Lane,
Regents Park, NW1.

For some it's a necessity

From Mr M. O'Connor.

Sir,—Many years ago a "Society for the abolition of the apostrophe" was proposed. I was firmly against it then; and I am firmly against a similar idea now. Whatever David Walker may say (July 8) I have a use for it.

Michael O'Connor.
41 Glyn Court,
199 Leigham Court Road,
SW16.

Paid twice a month

From Alma Barrow

Sir,—I must admit that I found your editorial (June 29) on the subject of payment of salaries/wages both interesting and incredible. I for one had no idea that such a large proportion of the British workforce continue to be paid in cash.

I would concur that a change from weekly to monthly pay for many individuals would take quite an adjustment. I have always thought that the system often utilised in the U.S.A. is more of a happy medium, namely payment by bank transfer twice monthly. Could this not be introduced in the UK?

Alma M. Barrow.
Alexander and Alexander.
Aldwych House, Aldwych, WC2

The Berisford bid

From Mr H. Marsden

Sir,—Mr Nigel Vinsen (July 3) on the subject of the Stock Exchange's involvement in the British Sugar, S. and W. Berisford takeover forgets that the Stock Exchange is just a market reflecting the effects of outside factors. The profit motive is a prerequisite of not only any market but any business functioning successfully.

Surely the point he omits is that too many company managements in the past have forgotten their shareholders, who are to a very great extent the real owners of the business and to whom management and employees are ultimately responsible. How is it that the dividend of a company subject to a takeover bid so often is raised considerably when their independence is under threat? Why should not shareholders have had this benefit previously?

The Stock Market indices indicate that shareholders have done badly for decades compared to inflation and employees' general level of wages. The benefit of such bids as S. and W. Berisford and the Allianz made is that it it alerts otherwise conservative management to the danger that if they do not satisfy their shareholders there is always the possibility that shareholders will take matters into their own hands when the opportunity arises.

The Stock Exchange is far from mute these days, but there will always be abuses. The fact in this case, as in so many like it, is that a shareholder will only show loyalty if loyalty has been shown to him.

Hugh Marsden.
29 Abbotsbury Road, W14.

There's always a risk

From Mr P. Knight

Sir,—Justinian (re: Burmah Oil vs. Bank of England, July 6), surely cannot be proposing that any party selling an asset should later have a claim on that asset's appreciated value.

If his proposal would only apply when the seller is "forced" to dispose, I suggest that this is impossible to determine (unless the forcing itself is unlawful). Any near-bankrupt enterprise must evaluate the sale of its assets or their use as loan security — even if the timing is not ideal. What a new meaning for "caveat emptor": heads the buyer loses, tails the seller claims the gain.

No, Justinian, one may feel sorry for an individual who sells his stock at the wrong time, but not for corporations like Burmah, or their shareholders. The market system depends on shareholder confidence in management and on buyers and sellers having different needs, and a different view of future risk and potential.

Peter Knight,
Wenvoe, Little Shore Lane,
Bishops Waltham, Hants.

Value for money in education

From the Pro Vice-Chancellor and the Director, Careers and Appointments Service, University of Salford.

Sir,—Our initial reaction to the University Grants Committee's plan to reshape the universities was one of incredulity. Despite the favour shown to Bath and Loughborough, it is clear that as a whole the technological universities have fared the worst. This is an utterly quixotic policy at a time when the higher education system is being urged more than ever before to serve the national interest by producing the kind of graduates that employers want.

Here is a paradox. Every year the technology-based institutions like Aston, Bradford, Heriot-Watt, Surrey and Salford send a significantly higher proportion of their graduates than the national average for all universities directly into employment; every year a smaller proportion of graduates from these universities are left unemployed at the end of the year compared with those elsewhere; every year their graduates show a disproportionate tendency to enter the industrial, commercial and wealth-producing sectors of the economy, and in particular the high technology companies. Yet these are precisely the universities which the UGC has chosen to bear the brunt of its cutbacks.

If the UGC was looking for value for money in higher education, it should have taken note of your own Michael Dixon's annual assessment of how graduates from the different universities fare in the job market. Either it has not read his column, or has ignored the implications of his findings.

D. Smith and E. Parker.
University of Salford, Salford.

Economic forecasts

From Dr Bill Robinson

Sir,—Mr Terry Ward has chosen to attack the London Business School forecasting record (July 2). He employs the well-known technique of picking on the worst aspects of our forecast and comparing them with the best elements of the forecast produced by the Cambridge Economic Policy Group. Two can play at that game, as I shall shortly show.

Those who may be interested in a rather more objective analysis of the forecasting record should however see a recent edition of the National Institute Economic Review. This includes a report comparing forecasts for 1980 made early in that year by the LBS, the Treasury, the National Institute and Liverpool. A notable omission from this list was the CEPG, who were included in an early draft of the report but, for reasons which seem to us unconvincing, left out of the published version.

In view of this omission Mr Ward's claim that the CEPG has "correctly foreseen the character of the present recession" cannot be allowed to pass unchallenged. The record shows that the CEPG's post Budget forecasts of output and inflation in 1980 were in fact the worst of the five. The GDP projection was outstandingly inaccurate with their chosen expenditure measure forecast to fall by 6.1 per cent, compared with an actual fall of 1.4 per cent. On this measure, as it happens, the LBS forecast (made two months earlier and before the Budget) was easily closest to the outturn.

The errors in most published forecasts of unemployment and industrial production reflect the fact that unemployment rose unusually soon and rapidly following the fall in output in 1980. The collapse of industrial production was also exceptional given the fall in GDP. These changes in economic behaviour were not forecast by the CEPG any more than they were by the rest of us. But the CEPG nevertheless got the unemployment forecast nearly right because of its huge error in forecasting output. It was a classic case of two large errors offsetting each other, not a forecasting triumph.

Economic forecasting is hazardous at the best of times. Nevertheless, analysis of the forecasting record shows that the main forecasting teams have, taking the average of a number of forecasts, predicted GDP one year ahead with an error of only ±1 per cent. The CEPG's 4½ per cent error was therefore quite exceptional. Given that this fact had apparently escaped general attention it is surprising that Mr Ward should now invite public comparison of forecasting performance.

Dr Bill Robinson (Joint Editor Economic Outlook).
London Graduate School of Business Studies,
Sussex Place,
Regent's Park, NW1.

Today's Events

GENERAL

UK: Dr David Owen, member of Social Democratic Party leadership, speaks at SDP public meeting, Sketty, Swansea.

Mr Merlyn Rees, Opposition energy spokesman, takes part in Labour Party Any Questions meeting, Selby.

Mr Alex Kitson, Labour Party chairman, reports to Party's national executive committee on trade union affiliation fees.

Sir Ronald Gardner-Thorpe, Lord Mayor of London, opens exhibition of Victor Galliano paintings, St Martin-within-Ludgate, EC4.

Overseas: M Gaston Thorn, European Commission President, and Mr Pierre Trudeau, Canadian Prime Minister, in pre-summit talks with U.S. Government leaders, Washington.

European Parliament session concludes, Strasbourg.

New Zealand Rugby Council discusses Springbok tour, Wellington.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

House of Lords: Belize Bill, second reading. Debate on report of EEC on new information technologies.

OFFICIAL STATISTICS

Building societies' monthly figures for June.

COMPANY MEETINGS

Associated British Foods, Connaught Rooms, Great Queen Street, WC, 11.00. Hill Samuel Group, Plaisterers' Hall, London Wall, EC, 12.00. Property and Reversionary Investment Corporation, Albany House, Petty France, SW, 12.00. United Engineering Industries, Midland Hotel, Manchester, 12.00.

COMPANY RESULTS

Final dividends: Ashley Industrial Trust. James H. Dennis. Highgate and Job Group. Lennons Group. Thorn EMI. Interim dividend: Cronite Group.

LUNCHTIME MUSIC, London

Organ recital by Larry King, St Paul's Cathedral, 12.30 pm.

Concert by Sheba Group, St Bride's, Fleet Street, 1.05 pm.

Recital by the Emperor Duo, St Olave, Hart Street, 1.05 pm.

Piano recital by Nicola Billington, Guildhall School of Music and Drama, Barbican, 1.10 pm.

Lothbury 800 Festival—Vermicelli play music for four cellos, St Margaret Lothbury, 1.10 pm.

Music from the English Baroque by The Antica Ensemble, St Martin-within-Ludgate, 1.15 pm.

UK COMPANY NEWS

New Imperial Group chief promises tighter control

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

Mr Geoffrey Kent, the new chairman of Imperial Group, yesterday promised a "new style" of management which would take a tougher grip from the centre on the problems that had led to the company's sharp interim profits fall.

This new broom approach followed the abrupt departure yesterday of Mr Malcolm Anson, the chairman for the past year.

In the six months to April 30 1981, Imperial's group trading surplus was £53.5m, against £74.6m in the first half last year, on sales up from £1.9bn to £2.2bn.

Interest charges for the period rose by £13.4m to £37.7m, while investment income declined from £17.1m in the first half last year to £12.3m.

Interim pre-tax profits were £29.7m, compared with £70.7m. After tax profits were £24.5m compared with £45.1m.

The interim dividend will be at the same rate as last year—2.75p per share.

Officially, it was Mr Anson's "hands-off" style of management over the past year that led to a growing disenchantment among the rest of Imperial's board. Mr Kent, the new chairman, now suggests that the new style will be more of a "hands on" approach but he emphasises that he has no intention of trying to run all the operating divisions himself.

A more immediate reason for Mr Anson's abrupt departure was the sharp slump in interim profits from the tobacco division. During the period, tobacco sales reached £1.095bn compared with £1.021bn in the first six months last year. Such static volume growth was not surprising, given the downward trend in cigarette sales, but the slump in profits was a major blow. The trading surplus from the tobacco division fell from £49.6m to £26.1m.

Tobacco profits have traditionally been the mainstay of the Imperial Group's profitability, in spite of the company's efforts to diversify into brewing, food, paper, and—with the acquisition of Howard Johnson last year—U.S. motels. In the first half of the last financial year, for example, tobacco provided some two-thirds of profits and a similar figure was reached in the full year.

Imperial is the largest manufacturer of cigarettes in the UK and has slightly over half the UK market as present. But this marekt share has slipped over thet current financial year by about 2 per cent, in spite of some aggressive promotions, especially for John Player Special King Size. Together with price cutting these promotions are estimated by Imperial to have cost some £12-£13m, about half the fall in tobacco profits.

The rest of the slump is blamed squarely on the Chancellor's hefty 14p duty increase in the last Budget which immediately reduced cigarette sales by up to 25 per cent and led to Imperial taking the almost unprecedented step of short-time working in some of its tobacco factories. Imperial now expects cigarette sales in the full year to be down by some 12 per cent, following the extra 3p duty increase announced by the Chancellor last week. Worse still the hoped-for upturn at the year end has now been dismissed.

It seems likely that Mr Anson's apparent willingness to let the tobacco division get on with tackling its own problems made some of the Imperial board uneasy. They wanted much tighter control over what was happenand to be kept more fully informed.

The board turned to Mr Kent as the man to take a firm grip on hte operating divisions. Mr Kent rose to the top in Imperial from the tobacco division (as did Mr Anson) but it was probably the performance of the brewing division, of which he was chairman, that earned him the hot seat.

Sales of the brewing division, basically the Courage brewery, rose from £258.1m in the first half last year to £300.2m, an increase which also resulted in what the company claims was a 7 per cent volume boost (at a time when beer sales in general are down by about 8 per cent). Since April, however, the volume increase is said to have reduced to 4½ per cent.

Brewing profits in the period under review rose from £19.6m to £23.1m.

The food division still showed no signs of recovery from the problems in the poultry markets and interim profits were £2.1m compared with £5.4m. Turnover was up marginally from £569.4m to £574m.

The slow-down in the paper, board, and plastics division continued, with reduced sales from £45.1m to £32m and a trading loss of £0.8m compared with a break-even last year.

The Howard Johnson chain, hampered by the effects of the recession in the U.S. produced a trading surplus of £2.4m on sales of £132.7m, but the costs of funding the £275m acquisition produced a substantial loss before tax.

Lex, Back Page

HIGHLIGHTS

After briefly looking at the gilt-edged market where the Government broker sold out of the new index-linked issue and looks at the interim figures from Imperial Group. News of supplied some of the conventional short tap yesterday. Lex the sharp downturn in profits was accompanied by the resignation of the chairman. Other corporate news considered by Lex is the small downturn in half-time profits from Sotheby Parke Bernet and the full accounts from Tesco. Lex also looks at the new tax incentives for small businessmen. Montague L. Meyer, largest of the UK's softwood importers, surprised yesterday with a £19m turnround into the red and a cut in the final dividend. The figures are considered on the inside pages against the results from other timber merchants which have been released recently.

John J. Lees little changed

A second-half pick-up at John J. Lees, confectionery maker, left pre-tax profits for the year to March 31, 1981 little changed at £94,112, compared with £93,857. At midway, a reduction from £62,970 to £45,512 was reported, but the directors said they were more optimistic about prospects than for many months.

There was a tax credit for the year of £23,868 (restated £18,165 charge) and stated earnings per 10p share were up from a restated 7.57p to 11.8p. The final dividend is 1.9p (1.85p) net for a total of 2.6p (2.5p) per share.

Turnover increased from £1.69m to £1.89m.

Current cost accounting reduces the pre-tax profit to £22,431.

Greene King rises to record £6.56m

AN ADVANCE of £682,000 in the second half taxable profit pushed the total at Greene, King and Sons, the Suffolk brewers, to a record £6.56m for the 53 weeks to May 3 1981. This compares with £5.8m for the previous year. Sales climbed £7.16m to £55.75m.

The profits growth exceeds expectations at midway when the pre-tax surplus increased marginally to £2.57m (£2.5m). Then the company said that, provided sales volume could be maintained, the fulltime result should be similar to last time.

Stated earnings per 25p rose from 18.1p to 24.2p and the net total dividend is being effectively stepped up from 5.5p to 6.3p by a 4.2p final.

Net profit came out up at £4.99m, against £3.72m, after lower tax of £1.57m (£2.08m). The attributable total advanced from £4.2m to £5.45m after extraordinary credits little changed at £461,000, compared with £475,000.

On a current cost basis pre-tax profit was £5.22m.

● comment

The undiminished popularity of traditional draught beer allowed Greene, King to turn in an unexpected 13 per cent advance in pre-tax profits on sales up by 14.7 per cent. Cask-conditioned beer—which now accounts for 45 per cent of output—held overall volume slippage to between 2 and 3 per cent, compared with an industry slump of 7 per cent. A price rise of 3p per pint in November helped margins without affecting sales. The company has also controlled stocks and sold some fixed assets which has improved cash flow. Capital spending will be held at about £3m this year. Last year's purchase of a 20 per cent stake in Harp for £1m has yet to bear any fruit. Harp ploughed back earnings, causing Greene's investment income to plummet to £62,000 from £373,000. This year, Greene's trading got off to a poor start—the company says May and June sales were not good. For this reason, the fully taxed p/e of 17 is somewhat demanding. The yield, of 3.4 per cent at 268p, is not particularly generous, even by the standards of the regional brewers.

T. CLARKE PURCHASE

T. Clarke and Co., electrical contractors, has acquired Eastgate Electrical Supplies, which specialises in the supply of conduit and accessories to the electrical installation industry, for £250,000 cash.

Net assets of Eastgate amount to £220,000, and the company earned £60,000 in pre-tax profits in the year ended September 30 1980. This performance has been sustained since that date, Clarke says.

Clarke turned in a pre-tax profit of £582,000 in 1980 compared with £476,103 in the previous year, on sales of £14.3m (£12.83m).

Sotheby falls to £4.28m despite auction sales rise

DESPITE AN advance in net auction sales from £114.72m to £145.64m, pre-tax profits of Sotheby Parke Bernet Group, fine art auctioneer, slipped from £4.8m to £4.28m for the half year to February 28, 1981.

With the group's profit margins still under pressure, the directors say that although net auction sales for the full season will show a sizeable increase over last year's £235m, taxable profits will be somewhat less than the 1979-80 figure of £8.03m.

This is largely the result of severe rises in costs in most of the areas in which the company operates, including in particular the financing and other charges relating to some £13m of capital expenditure which will have been incurred in the UK and the U.S. during the two years ending August 31, 1981.

As a result of this investment, the company's two new major salerooms—the Aeolian Hall in London and York Avenue in New York—will be fully operational throughout next season.

Full year earnings will also be affected by the sterling exchange rate on August 31, 1981.

Tax for the half year took £1.78m (£1.97m) and earnings per 25p share are stated down from 24.1p to 21.1p. The interim dividend, however, is being held at 3.5p net—last year's final was 9p.

Although the recession has continued in most parts of the western world throughout the season, the directors say the art market has shown remarkable buoyancy in many areas, with exceptional prices being achieved for works of art of the highest quality. At the medium and lower price levels, however, the market has been more uncertain with mixed trends in prices in different sectors.

The position regarding the proceedings brought against Sotheby Parke Bernet and Co. by a number of dealers representing certain trade associations remains unchanged.

The case is due to be heard in the courts in October, but as stated previously, the directors have taken legal advice and remain satisfied that there is no merit in the dealers' allegations.

Lex, Back Page

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Batleys Yorkshire	1.7	Aug 26	1.56	2.2	1.99*
Braithwaite and Co.	4.7	Oct 2	4	7.7	7
British Building	1	—	2.15	2	3.15
Caledonian Cinemas	7	—	5	9	7
Capital Res. Fund ...int.	3.3	Aug 21	2.8	3.3	2.8
Gen. Funds Inv. ...int.	2.5	Sept 15	2.5	—	7.75
Greene King	4.2	—	3.5	6.3	5.5*
Greenfields Leisure int.	Nil	—	0.84	—	2.15
Kinta Kellas Rubber	3.5	Sept 11	3.5	5	5
John J. Lees	1.9	Aug 22	1.85	2.6	2.5
Montague L. Meyer	1.25	Sept 9	4	3	6.25
Mitchell Somers	1	Oct 1	1.75	1	3.5
A. Monk	1.75	—	1.25	1.75	1.25
Robert Moss	1.07	Sept 23	0.9	1.6	1.6
Oil and Assoc.	2.45	Aug 20	2.19	3.5	4.53§
Sonic Sound ...int.	2.24	Aug 14	—	—	—
Sotheby Parke ...int.	3.5	Aug 28	3.5	—	12.5
Tribune Inv. Trust ...int.	0.8	Aug 21	0.8	—	2.7
Turnbull Scott Hldgs.	3	Aug 11	3	6	5
Tyndall Overseas	17‡	Aug 31	18	25	25
Watson and Philip ...int.	1	Aug 24	1	—	3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross dividends throughout. § Includes two non-recurring dividends.

Setback for Watson & Philip

Pre-tax profits of Watson and Philip, distributor of foodstuffs, declined from £279,000 to £206,000 for the half year to May 1 1981 but Mr J. C. Hadden, the chairman, is standing by his earlier forecast that results for the full year will show some improvement over the previous year.

He says the main reasons for the fall in half time profits were that the self-drive business made a loss of £82,000 and trading conditions in the catering division continued to deteriorate for most of the period. These difficulties were expected, he adds, but not to the degree experienced.

He points out that self-drive hire sales are now showing signs of stabilising, although at a lower level, and there are indications that drastic reorganisation in the catering division has halted its decline.

Stated earnings per share for the six months dipped from 1.6p to 1.5p but the net interim dividend is maintained at 1p per 10p share—for the 53 weeks to October 31 1980 a final dividend of 2p was paid from taxable profits of £504,000.

Tax took £107,000 (£145,000) and after minority credits of £25,000 (nil) the available profit came through at £124,000 (£134,000).

Three life companies produce good results

GOOD TRADING results in the first half of this year were reported yesterday by three leading life companies, with unit-linked business being especially buoyant over the period.

Equity and Law Life Assurance Society achieved a 25 per cent increase worldwide on its annual premium business from £11.6m to £14.5m and a near 20 per cent jump in single premiums from £10.1m to £11.9m. This growth occurred almost entirely in the UK, the Society's business in Holland being flat over the period.

Annual premiums on individual business rose overall by nearly 30 per cent from £6.3m to £8.1m and single premiums by over one-third from £8.2m to £11.2m. Mortgage-related business rose 50 per cent, boosted by the Society's link-up with Lloyds Bank. Term assurance business, providing protection only, also rose by more than 50 per cent while executive pension business and self-employed pension contracts showed strong growth in both annual and single premiums. Annual premiums on unit-linked business advanced by two-thirds to £3.6m.

Group life and pensions business was comparatively quiet, with any growth coming from increments on existing schemes. Annual premiums rose 20 per cent from £5.3m to £6.4m, but single premiums declined from £1.9m to £700,000.

The Sun Life Group saw annual premium business decline marginally over the period from £18m to £17.9m, but single premiums more than doubled from £16.6m to £34.7m.

On pensions-related business, which includes executive and self-employed pensions, annual premiums maintained the previous year's level of £12.7m, but single premiums rose from £7.1m to £18.3m. Much of this success came from the company's new self-employed contracts where single premiums increased from £600,000 to £4.8m.

Annual premiums on individual life assurances and annuities declined slightly from £5.3m to £5.2m, but single premiums jumped over 70 per cent from £9.5m to £16.4m. All this growth came from the development of the group's unit-linked business where new annual premiums improved from £300,000 to £2m and single premiums from £3m to £12.8m. Unit-linked bond business was especially buoyant amounting to over £9m against £3m. This growth was boosted by a successful investment performance.

Albany Life Assurance, primarily a linked-life company and a member of the Texas-based American General Corporation, saw its annual premiums grow nearly 50 per cent from £3.1m to £4.6m, with pensions, executive and self-employed combined, advancing from £1.6m to £2.5m. Linked single premium business rose 28 per cent from £14m to £18m, but in 1980 the company sold £17m of guaranteed income bonds, business it no longer transacts.

HOWARD & WYNDHAM

The directors of Howard and Wyndham have announced that no dividend will be paid this month on the 9 per cent convertible cumulative redeemable preference shares 1999, nor on the special shares of the same class.

Capital & Counties sees modest advance

FOR THE current year to March 25 1982 Capital and Counties Property is expecting only a "modest" improvement in pre-tax profits. This follows a decline from £7.5m to £6.9m in 1980-81.

C and C's chairman, Mr Keith Wallis, emphasises that the company has a strong and expanding asset base, expects long-term growth in both rental and trading income and foresees as a result similar growth in dividends and underlying asset value.

For 1980-81 C and C is to pay a dividend 13.3 per cent higher at 3.4p per stock unit, while the end-year revaluation of the group's property portfolio lifted net assets from 149p to 178p per share.

Revenue growth, says Mr Wallis, will again be tempered this year by the continuing expenditure of improving existing properties, further investment in temporarily non-income earning assets and "possibly by the present slow letting market for completed developments."

The company notes that it has not experienced difficulty in maintaining levels of occupancy and achieving budgeted rental levels in its investment properties. But in property trading it forecasts that the contribution from sales of flats and houses in London will soon decline as its stock of residential properties run out.

It is proposed to change the company's name to Capital and Counties plc.

SPAIN

July 9	Price %	+ or −
Banco Bilbao	325	
Banco Central	360	
Banco Exterior	355	+5
Banco Hispano	301	
Banco Ind. Cat.	121	−1
Banco Santander	379	−1
Banco Urquijo	225	+2
Banco Vizcaya	352	
Banco Zaragoza	238	
Dragados	214	−6
Espanola Zinc	55	
Fecsa	69	−0.50
Gal Preciados	54	+1
Hidrola	78.20	−0.30
Iberduero	60.50	+0.30
Petroleos	125.50	−1.50
Petroliber	98	
Sogefisa	59	
Telefonica	78.70	−0.50
Union Elect.	71.20	−1.50

Montague Meyer plunges £19m to £2.7m loss

BY RAY MAUGHAN

THE WARNINGS of falling demand sounded by the timber trade at the beginning of last autumn which began to crystalise in the sector's interim reporting season in the middle of the winter have now come home with savage ferocity. They culminated with the announcement yesterday that Montague L. Meyer, the largest softwood importer in the UK, had turned down by over £19m for a pre-tax loss of £2.7m.

This loss, for the year to March 31 last, has been deepened by a tax charge of £2m, against £2.23m, and closure costs of £2.3m. The upshot is an attributable loss of just over £7m against the corresponding distributable profit of £14.11m. However the group is paying a final of 1.25p on September 9, which brings the total up to 8p net per share. In the previous year, MLM paid a net total dividend of 6.25p per share.

The pre-tax loss has been struck after reorganisation costs of £1.75m and property sale proceeds of £750,000. MLM has closed its Crosby Windows subsidiary in Gloucester, a loss maker for some years, cutting out 199 jobs, and is looking for a buyer for the premises. It has also closed the Kelburn Manufacturing operation in Glasgow, the No-Nail Boxes subsidiary in Chester and the Luralda Packaging company in Millwall at an aggregate cost of a further 200 jobs.

The chairman, Mr Nick Mayer, said yesterday that "for the past 18 months we have been working to streamline our operations, reduce costs and reduce borrowings and this policy will be continued until it is felt we have achieved the right formula for what we feel to be the future level of demand and market requirements. Considerable progress has been achieved in this direction to ensure an improvement in performance in the longer term."

The group added that "the softwood market has seen a decline in shippers' prices from all major sources of supply, which in turn has created a weak reselling market, and this has been especially apparent in the second half of the year. These circumstances have inevitably affected the valuation of stocks and these have been written down to net realisible value at the year end." Mr Meyer calculated the provision amounted to about £700,000 which has been struck against pre-tax profits.

Some indication of the group's relative exposure in softwoods is evidenced by the fact that International Timber has claimed that stock losses had only a "negligible impact" on the small annual trading deficit it announced last month and a £200,000 stock provision announced by loss-making May and Hassell last week.

Yet MLM's shares climbed 4p yesterday to 70p and the reasons put forward by the stock market were many and various. It has been suggested that the annual reported loss could have been even deeper than it turned out. Again, speculative influences have been at work on the basis—to which many industry heads privately concur—that the industry needs rationalisation and takeover and merger may be the best way to enforce the required slimming. Technical reasons were also evident; a large bear position was apparently being closed yesterday. Finally, there is the long-term view that MLM can pull itself up by its own bootstraps.

The stock provision was largely caused by rising sterling parities through much of the financial year and the fact that, for the first time in several years, MLM was unable to cover its currency position in relation to its imports from the USSR—about a third of its buying requirement. The position at February 1980 Mr Meyer explained, strongly favoured the producers and USSR suppliers were able to insist on shipment without the usual recourse to 50 per cent cover in Swedish Kroner. The chairman's admittedly arbitrary guess is that this failure to hedge the risk cost MLM some £500,000 at the pre-tax level.

Now the position is reversing, in the light of a massive fall in new housing throughout the U.S. and Europe, to favour the buyer. The USSR apparently sold only 150,000 cubic metres of softwood in the first schedule in February against its supposed target of 350,000 cubic metres. MLM, Mr Meyer said, did not participate. The second USSR selling schedule is believed to have seen Russian softwood prices fall by 17 per cent in comparison with their level of May 1980 and MLM, for one, purchased only 75 per cent of its previous volume offtake.

So stock is the prime area of attack. The programme has already borne some fruit to the extent that net debt has come down by £9m to £65m. Debtors are under careful scrutiny and MLM is now said to be cash positive. The process is set to continue. Net capital spending reached about £3m last year after some £5m of asset sales. Capital investment will be minimal this time but a further £5m of property assets are on the market. The Australian operation which should have been producing handsome profits but, largely through management problems suffered substantial losses, has now been reorganised and should start pulling its weight this year.

But beyond the surgery required of MLM's cash usage, the group foresees a major shift in its asset deployment. It acknowledges the cyclical, volume sensitive nature of a highly borrowed industry and concedes that the timber producers and shippers in Scandinavia, could mount serious competition in supplying UK end-users.

At present, MLM's turnover and capital employed are divided about equally between the main wholesaling, merchanting and manufacturing divisions. The wholesaling segment has come down from approximately 45 per cent of assets employed since 1978 and is now scheduled to drop to about 25 per cent in another 18 months. The intervening period should therefore see a further substantial fall in debt and, the group hopes, a concommitant rise in cash flow.

Softwood consumption trends underline the need for retrenchment on this scale. Imports in the last calendar year fell from 7m to 6m cubic metres and this year Mr Meyer predicts a further slump to 5.4m cubic metres.

It is possible, then, to foresee a marked slimming and perhaps financial difficulties for groups which rely solely on softwood wholesaling. Most of the quoted majors have established a solid presence in merchanting to construction companies and retailing to small jobbing builders and the DIY enthusiast which held up fairly well last year, but the industry has lived in the shadow of an outside bid since Brooke Bond Liebig acquired Mallinson-Denny last year.

MLM's near 13 per cent in International Timber can possibly be seen as a catalyst for the next phase of rationalisation but, in view of the foreseeable contraction, Mr Meyer believes "that if there were to be an outsider bid it will be largely asset stripping. Why shouldn't we strip our assets out ourselves?"

That, put bluntly, is what the whole industry is now trying to do.

BANK RETURN

	Wednesday July 8 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	38,286,166	— 5,306,975
Bankers Deposits	633,656,610	— 39,930,236
Reserve & other Accounts	1,579,167,410	+ 4,241,339
	2,265,643,186	— 40,995,872
Assets		
Government Securities	725,909,218	+ 24,830,000
Advances & other Accounts	1,060,188,718	+ 85,104,617
Premises Equipment & other Secs.	470,072,776	— 152,940,641
Notes	9,191,288	+ 1,980,448
Coin	281,186	+ 29,704
	2,265,643,186	— 40,995,872
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,675,000,000	+ 75,000,000
In Circulation	10,665,808,712	+ 73,019,552
In Banking Department	9,191,288	+ 1,980,448
Assets		
Government Debt	11,015,100	—
Other Government Securities	9,131,094,983	+ 101,968,600
Other Securities	1,532,889,917	— 26,968,600
	10,675,000,000	+ 75,000,000

BIDS AND DEALS

Takeover Panel dismiss appeal by Wm. Collins

BY REG VAUGHAN

A MEETING of the full Takeover Panel yesterday dismissed an appeal by William Collins against last week's ruling by the Panel executive that the sale of a 9.4 per cent stake in the Glasgow publishing group by Mr Robert Maxwell's Pergamon Press to News International was not connected with other deals between the two parties.

Collins, which is fighting a £25m takeover bid from News, had alleged that the price paid by News for Pergamon's stake in Collins ordinary voting capital, taken in conjunction with the terms of other transactions between News and Pergamon involved favourable treatment not available to other shareholders. This would have constituted a breach of the Takeover Code.

The Panel said yesterday that the evidence did not support such an allegation and the appeal by Collins was dismissed.

Mr Ian Chapman, the Collins chairman, said yesterday that he was "naturally disappointed" at the Panel's ruling but it certainly was not "a major plank of our defence." Mr Chapman said he felt that there was sufficient evidence but "we must accept the procedure—we can do nothing else."

The chairman made it clear that the Board was "just as determined as ever" to fight for the group's independence. He said that the Board could not get close to the News valuation of the company which he described as "ludicrous."

Collins launched its bid for News in a surprise move on May 13 after acquiring a stake of around 30 per cent from Mr Jan Collins, who subsequently resigned as chairman, and from certain other Collins family shareholders.

The Collins board were against the bid and in an aggressive rejection document forecast double profits of £4m and a 150 per cent hike in the dividend payment for the current year.

The bid attracted few acceptors and with the share price consistently above the bid price News was prevented from buying in the market. At the end of last month News increased its offer for the voting shares by 12½ per cent from 200p to 225p per share but the offer for the "A" shares remained unchanged at 150p.

News lifted its Ordinary offer after acquiring Mr Maxwell's stake in the company at the higher price. Following discussions with the Takeover Panel, News was obliged last week to make a comparable increase in the offer for the "A" shares from 150p to 163p.

The announcement of the share deal between Mr Rupert Murdoch, the News chairman, and Mr Robert Maxwell followed a meeting at which they settled a dispute over the printing of the Sunday Times colour magazine by Mr Maxwell's British Printing Corporation. It was also agreed to merge Eric Bemrose, a News subsidiary, into a new BPC subsidiary.

News announced earlier this week that it held a total of 42.56 per cent of the Collins voting shares. The Collins board plans to send a further defence document to shareholders before the July 17 closing date. This is likely to be sent out over the weekend. Mr Chapman said, "we have very much more to say."

On the London Stock Exchange yesterday the ordinary shares gained 10p to 238p with the "A" 3p higher at 163p.

Hanson lapses offer for G. H. Downing

HANSON TRUST, the industrial services and agriproducts group, has abandoned its two month old battle to acquire G. H. Downing, the bricks and building materials concern. This leaves the way clear for Steetley which had mounted a rival £15.9m offer with the agreement of the Downing board.

Hanson's 200p per share bid (valuing the company at £12m) lapsed yesterday after attracting only a minimal number of acceptances on top of the 24.07 per cent stake irrevocably pledged to the offer at the outset by certain members of the Downing family, including Mr David Skailes, the assistant managing director.

Despite these acceptances the Downing board rejected the offer as "inadequate and unacceptable." Mr Skailes explained later that although for purely family reasons he had committed his shares to Hanson, he fully supported the board's rejection of the offer. Total acceptances announced yesterday amounted to 24.89 per cent of the Downing capital.

Steetley launched its bid in the middle of last month offering shares and a partial cash alternative, which the board was recommending for acceptance. With the Hanson offer lapsing the Downing family shares are released from their pledge.

The failure to acquire Downing represents Hanson's second unsuccessful bid attempt in the past nine months. Last November it launched a bid for the shares it did not own in Central Manufacturing and Trading but was beaten by the Caparo Group with a higher bid.

The Steetley bid closes next Wednesday. On the London Stock Exchange yesterday Downing closed 4p lower at 236p after being down to 232p.

Ibstock's plan to merge U.S. offshoots cleared

THE U.S. Department of Justice has dropped the anti-trust suit which it had filed last year in opposition to the proposed merger of two U.S. subsidiaries of Ibstock Johnsen, the UK brick manufacturer.

Ibstock had proposed to merge Marion Brick, of Ohio, which it purchased in July 1978, with Glen-Gery, of Pennsylvania, which it bought in August 1979 for £10m ($18.8m). The merger was begun in January 1980, and the Department of Justice filed a suit contesting the move in July 1980.

The Department claimed that the merger violated the Clayton Act on anti-competitive mergers, and asked that Ibstock be forced to divest itself of Glen-Gery.

Mr Paul Hyde-Thomson, Ibstock's chairman, yesterday said that he was "delighted" by the move. The merger of the two companies would now go ahead, and although it was not possible to quantify the effects of the move on the company, it would certainly be positive, Mr Richard Boxall, the company's operations director, said.

In 1980, the U.S. operations accounted for just over 30 per cent of Ibstock's £57.6m turnover, but only some 5 per cent of the company's £5.3m trading profit.

MCCOY HOTELS

McCoy Hotels has acquired Northern Music Distributors, which is engaged in renting and operating coin operated machines of all kinds and background music.

McCoy plans to refinance and restructure Northern with a view to achieving rapid expansion on a national basis.

ASSOCIATES DEAL

On July 8, Carr, Sebag and Co. bought 25,000 shares in United City Merchants at 39p on behalf of the Arab Asian Group of Bahrain.

BUYERS FOUND FOR CORTINA WINDOWS

The Receiver at Cortina Windows has found buyers for the business of the Smethwick-based company which has been turning over at least £2m a year.

Roy Adkins, a partner in the Birmingham office of Thornton Baker, chartered accountants has sold Cortina's assets to Mr John Hunt, Mr Bruce Jordan and Mr John Allen.

BODYCOTE

Bodycote International has entered into an agreement from September 1 1981, with Frank Ix and Sons Inc. in association with Ix Ireland (weavers of synthetic and blended fabrics) whereby the Ix Group will continue the business of William Denby and Sons (dyers and finishers).

MORGAN CRUCIBLE

Morganite Crucible, a subsidiary of Morgan Crucible Company, has arranged an extension to its exclusive licence agreement with Tsurumi Synthetic Refractories in association with Sumitomo Corporation of Japan, for the STD range of dry castable refractories.

The materials are used in Japan for improved performance in blast furnace trough linings.

SHARE STAKES

Bertam Consolidated Rubber—Johore State Economic Development Corporation now holds 2.53m shares (12.9 per cent).

Bifurcated Engineering—Mr R. Gabriel, director, has sold 32,000 shares on July 2.

H. Goldman Group—Mr H. M. Ross now holds 464,016 shares (20.17 per cent).

Old Swan Hotel (Harrogate)—Aitken Hume has taken up its rights on shares, which together with 37,500 additional shares purchased on July 8 will increase its holding to 375,000 shares (10 per cent of the enlarged share capital).

Olives Paper Mill—K. C. Sethia (Investments) has reduced its holding by 135,000 shares to 87,000 which is less than 5 per cent of the issued capital.

Paringa Mining and Exploration Co.—Mercantile Investment Trust as a result of sale of 1,002,500 shares on June 7 no longer has any interest in the shares.

Polymark International—Mr P. Meyer has sold 20,000 shares.

TRICOVILLE

Tricoville, the fashionwear group which has had a bid approach, is discussing deferred tax liabilities arising from stock relief regulations with the Inland Revenue.

LONDON TRADED OPTIONS

July 9 Total Contracts 3034 Calls 2595 Puts 639

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	8	60	30	460	38	10	280p
BP (c)	300	1½	4	18	355	28	2	"
BP (c)	320	½	55	10	45	18	1	"
BP (c)	350	¼	—	5	5	9	2	"
BP (p)	380	¼	—	2½	—	5	15	"
BP (p)	280	7	7	14	110	20	40	"
BP (c)	300	20	31	26	102	30	25	"
BP (c)	320	40	2	40	—	42	101	"
BP (c)	350	70	9	70	—	72	42	"
BP (p)	380	100	1	100	—	102	—	"
BP (p)	410	130	—	130	—	132	10	"
CU (c)	160	22	2	30	125	34	—	176p
CU (c)	180	6	40	17	3	22	8	"
Cons. Gld (c)	460	4	—	22	—	35	1	432p
Cons. Gld (c)	550	1	—	4	10	8	3	"
Court'lds (c)	60	5	30	9½	22	15½	6	55p
Court'lds (c)	70	¾	15	5	—	9	1	"
Court'lds (c)	80	¼	—	½	—	5	150	"
GEC (c)	700	27	1	58	2	85	—	718p
GEC (c)	750	5	—	28	24	50	—	"
Gr'd Met. (c)	140	66	7	70	7	—	—	205p
Gr'd Met. (c)	180	26	22	32	22	41	—	"
Gr'd Met. (c)	200	6½	21	17½	36	27	2	"
Gr'd Met. (c)	220	½	—	8½	33	15½	—	"
ICI (c)	240	32	5	40	—	—	—	268p
ICI (c)	260	13	1	26	—	36	—	"
ICI (c)	300	1	—	10	3	18	3	"
ICI (c)	330	½	—	4	17	10	—	"
Land Sec. (c)	390	7	47	25	11	35	—	385p
Land Sec. (c)	420	¾	—	12	—	22	6	"
Mks & Sp (c)	100	24	26	—	—	—	—	123p
Mks & Sp (c)	120	4½	21	12½	—	18	—	"
Mks & Sp (c)	130	1	—	6½	67	13	—	"
Mks & Sp (c)	140	½	—	3	—	8	1	"
Shell (c)	360	1½	—	15	—	31	12	356p
Shell (p)	330	6	10	20	—	28	—	"
Shell (p)	360	26	6	32	—	34	—	"
		August		November		February		
Barclays (c)	420	20	27	33	—	47	—	428p
Barclays (c)	460	4	3	17	—	30	—	"
Imperial (c)	60	5	38	7	51	—	—	64p
Imperial (c)	70	1	1	2	255	4½	—	"
Lasmo (c)	500	25	3	52	—	80	—	499p
Lasmo (c)	550	8	1	32	—	54	—	"
Lonrho (c)	100	1½	—	5	—	6	52	89p
Lonrho (c)	110	¾	—	2½	50	—	—	"
Lonrho (p)	90	4	10	6	50	8½	—	"
Lonrho (p)	100	12	—	13	2	15	—	"
Racal (c)	390	26	23	46	—	61	—	411p
Racal (c)	420	10	—	28	19	39	1	"
Racal (p)	420	18	—	26	3	27	6	"
RTZ (c)	500	30	—	53	1	75	—	510p
RTZ (c)	550	12	20	35	15	48	—	"

C=Call P=Put

MINING NEWS

Charter Cons still has large funds to invest

BY KENNETH MARSTON, MINING EDITOR

IN THE annual report of Charter Consolidated Dr Alfred Spinks, the chairman, and Mr Neil Clarke, chief executive, point out that the UK industrial and mining group is not fully invested and the process of acquiring new investments with the use of the company's big financial resources has some way to go yet.

Over the past 12 months the company has put more than £70m into new investment and it still has available resourses of a similar amount. The money is at present earning good interest in short term deposits and in gilt-edged stock.

Net assets at March 31 amounted to £497m, equal to 473p per share. This takes into account the market value of the important investment portfolio, some 40 per cent of which is comprised of holdings in mining finance companies.

They include **Minerals and Resources Corporation (Minorco)** in which a stake of 9.9 per cent is held and a 4.3 per cent interest in **Rio Tinto-Zinc**.

Mining finance provided 37.9 per cent of the 1980-81 investment income followed by 36.5 per cent from industrial holdings and 10.9 per cent from UK gilt-edged stock.

As far as the operating subsidiaries are concerned, companies such as the **Cape Industries** insulation products and automotive components group, are having to live with the problems of the UK economy. Overall, however, Charter is still expected to achieve some further growth in earnings during the current year.

When the preliminary results were announced last month *Charter shares were standing at* 247p which represented a considerable discount on the net asset value. However, they seemed to be fully priced in relation to current earnings prospects and they have since drifted back to 225p at which level they are beginning to look more interesting.

U.S. silver producers to merge

TWO big U.S. silver producers, **Hecla Mining** and **Day Mines**, have agreed to end months of feuding and to merge, forming the largest silver mining company in the U.S., reports Ian Hargreaves from New York.

Hecla increased its offer for Day from 1.65 to 1.8 Hecla shares per Day share. This gives the deal a value of about $112m at Hecla's closing price of $14¼ on Monday, but Hecla's shares traded lower to $13⅞ after the announcement.

Day shares were trading yesterday at $23, placing a premium of about $2 per share on the offer. Day has 4.4m shares outstanding.

The agreement comes after two months of manoevring and litigation between the two companies, whose combined workforces and their families constitute most of the population of Wallace, Idaho, a small mining town in the Coeur d'Alene district of northern Idaho.

The merger issue was complicated by the fact that Hecla and Day have been disputing each other's rights to mine various overlapping seams in their mines. One state law suggests that Hecla can go on pursuing a seam to its conclusion, even though that seam reaches into property controlled by Day.

Under the terms of the merger deal, both parties have agreed to drop all litigation, except for one suit concerning this overlap of interests. Day says, however, that it will not itself take any more action on the overlap claim, although the part owner of property which Day mines, Atlas North Lease Property, technically remains free to continue the litigation.

Hecla already owns about 7 per cent of Day, but has itself been the target of merger interest from other companies, including Sunshine Mining, another large silver producer.

Hecla's and Day's combined silver output last year was just under 5m oz, about one-fifth of total U.S. mined output. The second largest producer is Asarco, with output last year of just over 3m oz.

Last year, Hecla earned $55m on sales of $77.7m. Day earned $10.3m on sales of $36.4m.

First-time loss for SPO

THE FIRST annual report from **SPO Minerals**, the Derbyshire producer of barytes (industrial mud) reveals a trading loss for the year to March 31 of £369,000.

The group has decided to write off pre-commissioning expenditure on its Golconda Mill in this set of accounts, rather than next year as originally envisaged. This appears as an extraordinary debit of £356,000, making the net loss £725,000.

SPO revealed last month that it planned to raise a further £1.2m to combat technical problems with its plant and changed market conditions. A one-for-one rights issue at 30p was proposed, in addition to the raising of £150,000 from the International Energy Bank through the issue of 826,850 shares at 18p. Beyond that, the group's bankers are to put up a further £320,000.

The group's auditors qualify their report on the grounds that *the accounts have been prepared* on the normal going concern basis, which assumes that the plant will be commissioned and *that the fund raising is successfully completed.*

Mr Robert L. Sprinkel, SPO's managing director, said he was confident that the problems had been identified and that the new finance *now available* would give the group enough working capital for its present requirements.

Large coal discovery for CSR

Australia's **Western Collieries**, a subsidiary of the industrial and mining group **CSR**, has discovered a deposit of brown coal (lignite) in the Esperance region of Western Australia containing more than 1bn tonnes, reports our Sydney correspondent.

CSR said yesterday that it has entered a joint venture agreement with the local exploration company **Mokey** to explore, evaluate and develop the deposit.

All the funds for the joint venture will be provided by CSR, which will have a 75 per cent stake.

The deposit is reported to be geographically accessible and has an acceptable overburden ratio. Problems could be caused by the relatively high salt content, but CSR *is undertaking research in* an attempt to overcome this.

Work on defining the reserves and determining the suitability of the coal for various applications has already begun, and is expected to cost about A$7m (£4.2m) over the next three to four years.

Sir Charles Court, Western Australia's premier, said yesterday: "It is too early to say what uses will be made of the coal or when it will be produced commercially, but it is a tremendous boost for the state to know that a new coalfield has been defined."

Exploration venture for Canada's Teck

THE ACQUISITION by the state-controlled **Canada Development Corporation** (CDC) of the formerly French-controlled **Aquitaine Company of Canada** has paved the way for Aquitaine to set up a joint venture oil and gas exploration company with **Canada's Teck Corporation** and **Copperfields Mining**.

CDC's acquisition was part of the deal which brought the U.S. mining company **Texasgulf** under *the control of the French oil* company **Elf Aquitaine**.

The Canadian ownership rating (COR) of the companies concerned is now sufficiently high for there to be no need for the group to set up the previously announced intermediate company, **Teck Frontier Exploration**.

The new company, currently referred to by the parties involved as Newco, will be owned as to 35 per cent by Aquitaine and 65 per cent by Teck and Copperfields in 80-20 proportion. It will be funded pro rata by the three parties, and is to spend an estimated C$250m (£109m) over the next four years on land held by Aquitaine.

This year's programme involves five wells, of which two are in the Beaufort Sea and three on the east coast.

The parties expect that some 20 wells will be drilled during the term of the agreement, and that Newco and Aquitaine will also jointly acquire other acreage, either by farming in or by obtaining new permits.

Slight rise in MMC group tin production

TIN CONCENTRATE output by *the producers in the* ***Malaysia Mining Corporation*** group rose slightly last month to 1,192 tonnes from 1,171 tonnes in May.

The bulk of the increase from the largest company in the group, **Malayan Tin Dredging**, which lifted production to 638 tonnes from 592 tonnes. **Sungei Besi** also contributed to the rise, *but output at the second largest* producer, **Berjuntai**, slipped to 296 tonnes from 308 tonnes.

The latest output figures are compared in the accompanying table.

	June tonnes	May tonnes	April tonnes
Aokam	119	121	98
Ayer Hitam	101	123	88
Berjuntai	296	308	285
Kuala Kampar	12	13	15
Malayan	638	592	636
Sungei Besi	85	77	73
Tongkah Harb.	35	17	21
Tronoh Mines	48	47	48

In the **Gopeng** group of tin producers the single dredge **Pengkalen** resumed operations on June 22 with output of 1¾ tonnes to the end of last month. Gopeng's production for the nine *months* to end-June totalled 1,215¼ tonnes compared with 1,441¾ tonnes in the same period last year.

	June tonnes	May tonnes	April tonnes
Gopeng	157½	158¼	122¼
Idna	10	7¼	3½
Mambang	38	22¾	30¼
Tanjong	27¼	14	13
Pengkalen	1¾	nil	nil

ROUND-UP

The Canadian exploration arm of **Asarco** of the U.S. is to spend C$7m (£3m) on a 570-foot shaft, diamond drilling and other work at its Aquarius gold prospect at Nighthawk Lake, about 20 miles east of Timmins, Ontario.

Work is expected to start this month, with completion *scheduled for the beginning of* 1983.

★ ★ ★

Canada's **Falconbridge Nickel** has expanded ore reserves at its 68 per cent-owned Kiena Gold Mines near Val d'Or, in north-western Quebec. Completion of the first phase of drilling below the level of the existing workings has added 2.3m tons grading 4.63 grammes of gold per ton to the mine's probable reserves, bringing the total to more than 5.9m tons at an average grade of 5.54 grammes per ton.

Falconbridge believes that the mine will be one of the country's most efficient mining operations when its full capacity is reached. Future planning includes the construction of its own mill, as the operation is currently using *the nearby Lamaque mill owned* by **Teck Corporation**.

★ ★ ★

BP's takeover of **Selco Mining** Corporation, an east Canada base metals and gold miner, has been rejected by Canada's Foreign Investment Review Agency. Selco is a subsidiary of Selection Trust, the UK mining finance house acquired by BP last year.

Selco Mining owns and operates the South Bay copper-zinc-silver mine in Ontario; has a two-thirds stake in the Selbaie (formerly Detour) base metal project in north-western Quebec; owns a lime plant near Vancouver; and has 80 per cent of a coal recovery plant on Cape Breton. The company also provides exploration and management services.

★ ★ ★

The UK-registered **Hampton Gold Mining Areas** has written to **Paringa Mining and Exploration**, saying that it is not prepared to increase its offer for Paringa, or to extend the offer beyond its present closing date of July 25.

Mr. George Livingstone-Learmonth, Hampton's managing director, added that his company was still considering its position in relation to its 26.8 per cent stake in Paringa.

Hampton has offered three of its own shares plus 50p cash for every 10 Paringa, or 62p cash for each Paringa share. This offer was topped last month by the little-known Australian exploration company **Apollo International Minerals**, which offered to stand in the market until July 17 for every Paringa share at a price of A$1.40, currently equivalent to about 84p. Apollo's offer has been extended until August 17.

Hampton bought its Paringa shares from **Aberfoyle**, the Australian arm of Canada's **Cominco and Paringa's partner in** its only producing property, the Que River silver-lead-zinc-copper-gold deposit in Tasmania, at prices up to 62p, and stands to make a substantial profit if it *accepts Apollo's offer.*

Probe into Northern share deals

AUSTRALIA'S NEW securities watchdog, the National Companies and Securities Commission, yesterday moved to suspend trading in the shares of **Northern Mining**, the target of a takeover bid from **Bond Corporation's Endeavour Resources**, reports our Sydney correspondent.

The company's shares were suspended by the Melbourne *Stock Exchange* yesterday on the NCSC's instructions because the commission feared that the market might not be properly informed. Northern's principal attraction is a 5 per cent stake in the Ashton diamond joint venture in Western Australia.

The NCSC has been investigating dealings in Northern's shares since the beginning of the week, in advance of Endeavour's A$32m takeover bid, launched on Wednesday.

The most significant factor from the NCSC's point of view is likely to be Endeavour's acquisition of a 19.82 per cent stake in Northern from the **National Mutual Life Association**, which brought Endeavour's interest to 39.58 per cent before it began its offer for the remainder.

The beneficial ownership of this stake was not known for several weeks after National Mutual informed Northern that it had disposed of it. There has been speculation in Melbourne that the deal was actually struck *as long ago as May 29.*

Sonic lacking sparkle midway

ATTAINMENT of the January prospectus pre-tax profit forecast, of not less than £800,000, by **Sonic Sound Audio Holdings** is likely to be dependent on an improvement in trading conditions for the rest of its financial year.

Mr Lionel Astor, chairman and joint managing director of this Tottenham Court Road hifi retailer, gives this warning when reporting taxable profit up from £198,614 to £352,640 for the half-year to May 2, 1981. He says that since the prospectus was published consumer spending has been worse than anticipated.

Also two more shops in Tottenham Court Road were opened behind schedule—on May 22 and June 24—but are now trading up to expectations. Without this delay the midyear figures would have been better, he states. However, the board has made economies which have lifted net margins.

The net interim dividend is 2.24p, half the total payment indicated for the year at the time of the placing of 2.25m 10p shares representing 37.5 per cent of the equity. The remaining equity is equally controlled, through family trusts, by Mr Astor and his brother Sidney, who is joint-managing director.

Sales for the half-year reached £1.91m (£1.38m) and stated earnings per share were 4.88p (3.31p) after tax of £60,000 (nil).

The chairman says the planned expansion of activities has continued. A shop in the video field has been opened in Tottenham Court Road and the company intends to open more outlets aimed at the fast growing video hardware and shoftware market.

A shop in Charing Cross Road and an in-store concession in Oxford Street are expected to be trading by the end of 1981. In addition further premises are being obtained in Tottenham Court Road.

The forecast of more than doubled profits for the current year over the £392,777 for 12 months to November 1 1980, was made on a number of assumptions including little change in consumer spending, the opening of the two shops by the end of March and gross margins being similar to those achieved in 1980.

● comment

Sonic Sound is setting the scene for a possible shortfall on its profits forecast. The shares fell 7p to 103p yesterday but the price is still giving management the benefit of the doubt till the full year is out. The major problem in the first half was a hold up in building work on two shops by two and three months. For a small retailer forecasting rapid expansion that sort of problem can make all the difference. These hold ups cost between £40,000 and £50,000 in lost profits. Sonic is trying to make up the lost ground by trimming overheads and negotiating keener prices with its suppliers. But the general retailing scene is working against it. A ne wvideo store just opened brings Sonic directly into that market for the first time and should help push profits towards the £800,000 target. Yet the forecast is now beginning to look illusive and despite management confidence the fully taxed p/e of 15.7 needs the goal to be met if the price is to be sustained. Should the prospectus forecast be missed by anything more than a very small margin it will leave a sour taste with investors for a long time.

COMPANY NOTICES

CHARTER CONSOLIDATED LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixteenth annual general meeting of members of Charter Consolidated Limited will be held in the Caxton Suite at the London International Press Centre, 76 Shoe Lane, London EC4A 3JB (New Street Square entrance), on Tuesday, 11 August 1981 at 12 noon for the following purposes:

1. To consider the accounts and the report of the directors for the year to 31 March 1981
2. To declare a final dividend.
3. To reappoint as directors Mr A. T. B. Shand, Mr. B. W. Pain, Mr J. E. H. Collins, and Mr J. Ogilvie Thompson.
4. To reappoint Coopers & Lybrand as auditors and authorize the board to fix their remuneration.
5. To consider the following resolution which will be proposed as an ordinary resolution:
"That, pursuant to section 14 of the Companies Act 1980, the directors of the company be and are hereby authorized for a period of five years ending on 10 August 1986 to allot all or any of the 29,756,482 unissued shares of the company, and to grant any right to subscribe for, or to convert any security into, shares in the company, to such persons, at such times, and upon such terms and conditions as the directors may determine."

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company.

By order of the board
D. S. BOOTH
Secretary

40 Holborn Viaduct
London EC1P 1AJ
9 July 1981

NOTES

1. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer.
2. There are no directors' service contracts required by The Stock Exchange to be made available for inspection at the meeting.
3. Copies of the Annual Report are available from 40 Holborn Viaduct, London EC1P 1AJ.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held in the Caxton Suite at the London International Press Centre, 76 Shoe Lane, London, EC4A 3JB (New Street Square entrance) on Tuesday, 11 August, 1981 at 12.05 p.m. (or so soon thereafter as the Annual General Meeting of the Company convened for the same day and place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the Resolution set out below.

RESOLUTION

(A) THAT *the Profit Sharing Scheme summarised in the Appendix* to the Circular Letter to the Members of the Company dated 9 July, 1981 which accompanied the Notice convening this Meeting, and to be constituted by a Trust Deed produced in draft to this Meeting and for the purpose of identification initialled by the Chairman thereof, be hereby adopted and that the Directors be hereby authorised to cause such Trust Deed to be executed in (or substantially in) the form of such draft and to do all acts and things which they may consider necessary or expedient for the purpose of carrying the Scheme into effect.

(B) THAT the Directors of the Company be hereby authorised to vote, and be counted in the quorum, on any matter connected with the said Scheme, notwithstanding that they may be interested in the same (except that no Director may be counted in a quorum or vote in respect of his own participation), and the prohibition on voting by interested Directors contained in the Articles of Association of the Company be hereby relaxed to that extent accordingly.

Dated this 9th day of July, 1981.

By order of the board
D. S. BOOTH
Secretary

Registered Office:
40 Holborn Viaduct
London EC1P 1AJ

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.
2. Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer.
3. Copies of the circular to shareholders dated 9 July 1981 may be obtained from the company's Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ or from the offices of its overseas paying agents, Credit Lyonnais SA, 19 Boulevard des Italiens, 75002 Paris and Banque Rothschild, 21 Rue Laffitte, 75009 Paris.

TORAY INDUSTRIES, INC.
(formerly Toyo Rayon Kabushiki Kaisha)

S. G. WARBURG & CO. LTD., announce that a dividend of Yen 2.50 per share has been paid to shareholders on the books of the above Company as at 31st March, 1981 in respect of the six month period ended on that date.

Holders of Bearer Depositary Receipts issued by S. G. Warburg & Co. Ltd., may present Coupon No. 37 for payment forthwith at their Coupon Department, St Albans House, Goldsmith Street, London, EC2P 2DL or at Banque Internationale à Luxembourg, 2 Boulevard Royal, Luxembourg, subject to deduction of Japanese Withholding Tax and United Kingdom Income Tax (if any) at the appropriate rates. Details of tax deduction can be obtained from Paying Agents.

S. G. WARBURG & CO. LTD.
As Depositary

10th July 1981

SUNBELT HOLDINGS S.A.
(R.C. Luxembourg B 18113)
Societe Anonyme.
43, Rue Goethe, Luxembourg

Increase of share capital by rights issue to existing shareholders of one new share for every five existing shares held.

With reference to the earlier publication relating to this issue, the offering circular in connection with this offer is available at:
Lazard Brothers & Company Limited
21, Moorfields
London EC2P 2HT
SUNBELT HOLDINGS S.A.

ALLEGHENY LUDLUM HOLDINGS INC.

FLOATING RATE UNSECURED LOAN NOTES 1984 OF £1 EACH

For the Interest period from 2nd July 1981 to 1st January 1982, both dates inclusive, the above Notes will carry an Interest Rate of 13% per annum.
Barclays Bank Limited
Registration Department
Radbroke Hall
Knutsford, Cheshire

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the 6% Preference Share Transfer Books of the Company will be closed from the 24th to the 31st July, 1981 both dates inclusive.

By Order of the Board
G. T. LOWNDES, Secretary
71-78 Victoria Street,
Wolverhampton.

PUBLIC NOTICES

SANDWELL M.B.C. BILLS
£1.75m Bills from 8th July 1981 to 7th October 1981 at 12 1/32%. Applications £8.75m. £11.25m outstanding.

DUDLEY CORPORATION BILLS
£4.3m Bills from 9th July 1981 to 8th October 1981 at 12 1/32%. Applications £37.7m. £8.4m outstanding.

DONCASTER METROPOLITAN BOROUGH COUNCIL
£7,750,000 Bills at 12 3-64ths per cent issued 9th July 1981. Applications totalled £53,500,000. These are the only Bills outstanding.

SUFFOLK COUNTY COUNCIL
£5m issued on 7th July 1981. Due 6th October 1981 at 12 1/16%. Applications totalled £45,500,000.00. Total outstanding £15,000,000.00.

ANNOUNCEMENTS

PERSONAL

TRAVEL

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm £
Commercial and Industrial Property Businesses for Sale/Wanted	7.50	24.50
Residential Property	5.50	17.50
Appointments	7.50	24.50
Business and Investment Opportunities	8.00	27.50
Personal	5.50	17.50
Motor Cars	5.50	17.50
Hotels and Travel	5.50	17.50
Contracts and Tenders	7.50	24.50
Book Publishers	—	net 10.00

Premium positions available
(Minimum size 30 column cms)
£5.00 per single column cm extra
For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

CONTRACTS

A total of 86 **DODGE** 100 Series Commando G20 tractive units worth about £1.25m have been ordered by the Post Office for inter-urban post and parcel *shipment. The* Dunstable-built models will be fitted with the Perkins T6.354 diesel engine, Dodge five-speed gearbox and Girling Skid-Check device, and will have Hi-Line cab specification.

★

English China Clays has placed orders worth over £1m with **INTERNATIONAL COMPUTERS** for one 2966 and three ME29 computer systems which will be at the centre of a network comprising over 10 7500 terminal processors supporting around 40 terminals, throughout the clay division. To control the network and interlink the four central computers the company plans to adopt ICL's information processing architecture (IPA).

★

FIELD ASSOCIATES (CONTRACTORS) has a contract with the University of Technology, Loughborough for the supply and installation of pre-insulated underground heating mains. The work, valued at £450,000, will provide a new heating distribution system to most of the campus, replacement of pumps and modifications to internal pipework.

★

The Megger Instrument Division of **EVERSHED AND VIGNOLES** has been awarded a £1.1m contract by British Telecom for the supply of Bridge Megger ohmmeters.

★

PYE TVT has been awarded a contract by the BBC in excess of £300,000 for radio transmitters. The order is for 12 20kW and two 10kW radio transmitters as part of the BBC's re-engineering of the national VHF network. They will be used to replace VHF transmitters installed 25 years ago.

هكذا من الأصل

A. Monk picks up in second half

THE IMPROVEMENT in trading evident at the interim stage accelerated in the second six months to February 28 1981 giving A. Monk and Co. a full year pre-tax profit of £938,000, against a loss of £465,000 previously. At halfway, this civil engineering and building contracting group reported a reduction in losses from £955,000 to £501,000.

The dividend for the year is being raised by 0.5p to 1.75p net per 25p share—in line with the forecast of net less than 1.25p—and the board expects to be able to consider in December the payment of an interim. Stated earnings per share were 7.3p (4.8p deficit).

Reorganisation to meet changing requirements is continuing and pre-tax profits have been struck after charging redundancy payments of £238,000, against £44,000 last time.

Mr William Whittingham, the chairman, however, says the board believes that the company is now in better condition to tender and trade competitively under the present difficult conditions.

Last December, the chairman referred to two major contracts on which difficulties were being encountered, but he reports that these are both now substantially completed. Other contracts are generally being carried out to plan and within the small margins currently obtainable.

	1980-81	1979-80
	£000	£000
Turnover	93,100	88,200
Trading profit	627	*525
Net interest receivable	311	60
Profit before tax	938	*465
Tax charge	5	†115
Exceptional deferred tax release	1,191	—
Profit after tax	2,124	*350
Minority interests	144	167
Extraord. credits	‡457	1,133
Available	2,437	616
Dividend	189	135
Retained	2,248	481

* Loss. † Credit. ‡ Includes the release of provisions for expenditure, in relation to the company's withdrawal from Nigeria, which are no longer required, and the profit on the sale of land occupied by a subsidiary, less closure costs.

Although the outstanding workload is therefore currently lower than a year ago and the continuing work shortage in the industry means that turnover in 1981-82 is unlikely to reach the previous level of £93.1m (£88.2m for 1979-80), the board is confident of maintaining progress.

Present signs would appear to indicate that there will be a limited increase in the work available to the industry by 1982-83, with a corresponding small improvement in the margins obtainable, Mr Whittingham states.

At the year end, net assets per share were 33 per cent higher at 88p (66p).

Reference was made in the 1979-80 accounts to the Inland Revenue challenging the treatment of losses arising in earlier years in respect of irrecoverable trading debts due from the Nigerian subsidiary which were claimed as allowable expenses.

This matter is still unresolved but, in the directors' opinion, the debts represented normal trading debts and, as such, they were correctly claimed as allowable. The Board has been advised by Counsel to contest any disallowance, and will do so.

● **comment**

Despite a return to profitability in the second half, the immediate outlook for Monk remains dull. Orders are currently beneath the level obtained last year and while margins have been aided by the company's recent reorganisation, a return to the 1978 earnings peak of £5m looks a long way off. Full year profits of £1.25m are in sight but these may be boosted by a further £1.6m release of deferred tax if the company wins its case with the Inland Revenue over treatment of former losses of its Nigerian subsidiary. The balance sheet has been strengthened and the company having paid off borrowings of £632,000 now has a cash balance of about £3m. This has been achieved largely by speeding up payments on contracts and some unwinding of stocks. Plans are underway to diversify into coal mining through its subsidiary, Associated Tunnelling, which is currently negotiating with the National Coal Board on the reopening of small mines. The shares at 49p gain support from net assets per share of 88p and Davy Corporation's 29.95 per cent stake adds speculative spice.

Powell Duffryn on right track

IN THEIR planning and continuing heavy capital spending for the future, the directors of **Powell Duffryn** consider they are "on the right track," Viscount Sandon, chairman, says in his annual statement.

They have the management and people of quality throughout the group and the financial resources to achieve their objectives. And he hoped world economic conditions would not cause any undue delay.

In the UK, the group's objectives include the development and expansion of its fuel distribution activities and the maintenance of its position as a leading shipowner in the short sea bulk carrier trades.

Overseas, the U.S. remains the major force in the chemical industry and the directors believe that investment opportunities exist in the bulk liquid storage field both there and elsewhere.

They are also seeking suitable ways of expanding the group's engineering activities, particularly in the U.S. In view of the importance placed on these endeavours Mr. Michael Wilkinson has recently been appointed resident director in the U.S. with responsibility for expanding group interests in that area.

As reported on June 24 group pre-tax profit fell by 11.8 per cent to £14m for the year to March 31, 1981. The net dividend total is 14.25p (13.25p).

The balance sheet shows that, despite the year's difficulties, the continuing capital investment programme has not weakened the group's financial strength, Lord Sandon states. The attention paid to the control of working capital, which has been maintained at about the same level throughout the past four years, has meant that the use of short-term bank facilities has been broadly confined to seasonal trading.

At the same time it has been considered prudent to allow a measured increase in longer term debt to help finance the steady growth rate of selective fixed investment over this period both at home and overseas.

The past year's results took account of the heavy capital expenditure which is still continuing, but even in the prevailing economic climate they were disapointing.

Caledonian Cinemas advances

TAXABLE PROFITS of Caledonian Associated Cinemas, leisure, property and retailing group, advanced from £642,000 to £905,000 in the year to March 28 1981. The directors are lifting the net dividend total by 2p to 9p with a final of 7p.

Most of the year's improvement came in the first half, when profits expanded from £281,000 to £521,000. The surplus for the final six months was little changed at £384,000 against £361,000.

Turnover of the group, which is ultimately held by Equity Trust, rose from £7.79m to £9.91m.

After tax of £553,000 (£325,000) and extraordinary credits of £89,000 (£31,000) relating to gains on property and trade investment disposals, the available profit emerged at £441,000 (£348,000). Earnings per 25p share are shown up from 75p to 81p.

The available profit is reduced to £92,000 on a CCA basis.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	—	—	13	40	16	62	$407
GOLD C	$425	4	13	17	28 B	1	41	"
GOLD C	$450	45	6	2	20	1	34.50	"
GOLD C	$475	60	3	1	11	—	—	"
GOLD C	$500	3	1.50	31	9	10	18.50	"
GOLD C	$525	—	—	5	6	—	—	"
GOLD C	$550	3	—	8	3.50	—	—	"
GOLD P	$400	22	11	16	20	—	—	"
GOLD P	$425	1	25	11	29	—	—	"
GOLD P	$450	5	44	2	44	—	—	"
GOLD P	$500	5	82	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	F.300	14	4 A	18	18	—	—	F.302.50
AKZO C	F.20	22	5	—	—	—	—	F.25
AKZO C	F.22.50	118	2.50 A	87	4.20	15	5.10	"
AKZO C	F.25	68	0.50	56	1.90	67	2.70	"
AKZO C	F.27.50	—	—	106	0.80	—	—	"
AKZO P	F.25	59	0.30	18	1.30	—	—	"
AKZO P	F.27.50	—	—	50	2.50	—	—	"
AMRO C	F.55	—	—	16	1.50	—	—	F.52.20
HEIN C	F.50	—	—	15	3.70	—	—	F.48.60
HEIN C	F.55	—	—	48	1.60	—	—	"
HEIN P	F.50	12	1.80	10	3	—	—	"
HOOG C	F.20	—	—	104	0.80	—	—	F.16.70
IBM C	$60	—	—	10	2⅜	—	—	$56⅛
KLM C	F.100	54	11.50	—	—	—	—	F108.50
KLM C	F.110	156	4	32	13.50	—	—	"
KLM C	F.120	110	1.50	51	9.50 A	—	—	"
KLM C	F.130	79	0.50	45	6.50	—	—	"
KLM C	F.140	—	—	51	4.50	47	6.80	"
KLM C	F.150	—	—	101	2.70	—	—	"
KLM P	F.70	—	—	41	0.50	—	—	"
KLM P	F.80	—	—	13	1.20	—	—	"
KLM P	F.90	17	0.40	26	2.60	—	—	"
KLM P	F.100	120	1	150	5	—	—	"
KLM P	F.110	102	4.50 B	34	9	8	12.50	"
KLM P	F.120	50	13	8	16	—	—	"
KLM P	F.130	11	22 A	—	—	—	—	"
KLM P	F.140	15	32	—	—	—	—	"
NATN C	F.110	10	7	—	—	—	—	F.117
PHIL C	F.15	24	7.90	—	—	—	—	F.22.70
PHIL C	F.17.50	—	—	11	5.80	—	—	"
PHIL C	F.20	65	2.70	278	3.60	18	4.70	"
PHIL C	F.22.50	150	0.40	486	1.80	25	3	"
PHIL C	F.25	—	—	79	0.90	74	1.80	"
PHIL C	F.27.50	—	—	151	0.50	152	0.90	"
PHIL P	F.22.50	—	—	150	0.90	—	—	"
RD C	F.80	198	4.30	—	—	—	—	F.83.50
RD C	F.90	300	0.20	15	2.60	41	4.50	"
RD C	F.100	—	—	65	0.90	—	—	"
RD C	F.110	—	—	40	0.40	—	—	"
RD P	F.80	60	0.30	21	3.20	—	—	"
RD P	F.90	11	6.70	—	—	—	—	"
RD P	F.100	—	—	—	—	16	19	"
UNIL C	F.150	—	—	10	6	—	—	F.145.50
		Aug.		Nov.		Feb.		
BASF C	DM.130	—	—	20	10	—	—	DM.154.50
TOTAL VOLUME IN CONTRACTS						4971		

A=Asked B=Bid C=Call P=Put

Turnbull Scott £0.63m loss in second half

Second-half taxable losses at **Turnbull Scott Holdings** accelerated sharply from £34,000 to £630,000 but for the year as a whole the group reduced its pre-tax deficit by £14,000 to £270,000. This follows a £360,000 return to profit midyear, compared with a loss of £250,000.

The net total dividend is being stepped up by 1p to 6p by a same-again final of 3p.

Turnover of this Farnborough-based ship owner and engineer for the year advanced from £11.87m to £13.57m.

The pre-tax loss was struck after finance costs of £261,000 (£491,000) and depreciation of £1.06m (£1.5m).

Tax took £26,000 (£21,000) and there was a minority debit of £2,800 (£3,000 credit).

There was a net surplus on ship disposals of £460,000 (£28,000) and other extraordinary items totalled £113,000 (nil).

There was a stated loss per £1 share of 30p (same) pre-extraordinary items.

Higher rental income lifts Evans Leeds

The improvement in profits at Evans of Leeds—which as reported on June 24 rose from £2.1m to £2.51m in the year to end-March—came almost exclusively from higher rental income.

Gross rents jumped from £3.52m to £4.71m and Mr H. C. B. Berens, chairman, says in his annual statement that it is gratifying that rents and investment income can provide such a substantial earnings yield.

The directors are lifting the dividend total for the year from 3p to 4p with a final of 2.75p and will also ask shareholders at the AGM to approve a one-for-one scrip issue.

Apart from gross rents, total revenue included reduced income from property development and sales of £57,180 against £319,422 and interest receivable of £102,164 (£274,007). Sundry income was little changed at £3,668 (£3,484).

The balance sheet shows improvements in fixed assets, from £31.11m to £39.26m, and shareholders' funds, from £22.27m to £27.93m. Total borrowings increased to £9.32m. (£7.54m).

Meeting, Great Eastern Hotel, EC, August 5 at noon.

Tribune Trust turns in £0.7m for first half

FOR THE half year to June 30 1981, Tribune Investment Trust achieved a pre-tax revenue of £704,835. In the same period of 1980 the taxable figure was £753,918, but the directors say they are not comparable because of the incidence of dividend payments.

Earnings available for ordinary holders came through at £422,067 (£453,759) and there were exchange credits of £24,233 (£4,726 debits). Earnings per 25p share are given as 1.65p (1.77p).

The net interim dividend is unchanged at 0.8p per 25p share — last year's final was 1.9p.

At June 30 1981, net asset value per share was 146.4p, compared with 109.5p a year earlier.

Kinta Kellas edges ahead

Taxable profits of Kinta Kellas Rubber Estates edged ahead from £666,684 to £675,906 for the 12 months to March 31 1981 on turnover virtually static at £1.52m.

Stated earnings per 10p share improved to 7.48p (7.15p) but the net total dividend is maintained at 5p with a same-again final of 3.5p.

Tax took £366,739 (£371,355).

UK COMPANY NEWS

Mitchell Somers shows recovery

RECOVERY FROM a midway loss enabled **Mitchell Somers**, the West Midlands engineering and forging group, to finish the year to March 29, 1981, with taxable profit of £488,000. This was however sharply down on the previous year's figure of £2.21m.

A return to profit in the second half had been forecast at midyear when there was a £127,000 loss, compared with a £684,000 surplus.

As indicated when omitting the interim payment a final dividend is being paid but it is reduced from 1.75p to 1p net. A total of 3.5p was paid for 1979-1980.

Sales for the year were little changed at £29.93m (£29.41m) but trading profit fell from £2.73m to £1.19m before higher interest costs of £700,000, against £512,000.

Net profit emerged at £463,000 (£1.85m) after tax of £25,000 (£363,000) and before an extraordinary debit, this time, of £271,000 relating to factory closures at three sites.

Stated earnings per 10p share were cut to 2.9p (11.8p). At year end net asset value was up from 84p to 92p.

● comment

On the face of it, **Mitchell Somers** appears to have done poorly. On marginally increased turnover, the pre-tax profit has fallen 78 per cent and after factory closure costs the attributable profit was down nearly 90 per cent. Interest charges consumer 59 per cent of trading profits and the group made a trading loss of £600,000 at its Wolverhampton Die business. But the truth of the matter is that Mitchell Somers, a Midlands engineering business, has done quite well to achieve a profit at all after its interim losses. The group has engaged in brave streamlining over the past 12 months, closing its Kew Laminates and Wilkes-Lucas factories and reducing by 50 per cent its operations at Wolverhampton Die. The workforce has come down from 1,758 a year ago to 1,341 currently, of which 350 departures were redundancies. As a result, Wolverhampton is now trading profitably. In the current year the group could achieve £1m pre-tax, suggesting a prospective fully taxed multiple of 10, not bad for a recovery stance. Shareholders may have been disappointed by the dividend cut, but the group hopes to pay an interim dividend this year. The yield of 4.8 per cent at yesterday's 31p (up 3p) is unexciting, but the company is clearly bent on cash conservation. With its capital gearing at 24 per cent, it is reasonably positioned for the medium term.

Braithwaite falls to £809,000

On turnover of £8.3m against £8.79m, taxable profits of **Braithwaite and Company Engineers** fell from £977,000 to £809,000 in the year to March 31, 1981. The midway surplus was also lower at £410,000 compared with £542,000.

The dividend is being stepped up from 7p to 7.7p net with a final of 4.7p.

Earnings per share are shown up from 17.6p to 51.1p after a tax credit of £580,000 (£494,000 charge) and to 18.4p before.

The previous year's figures also included an extraordinary credit of £369,000.

The pre-tax surplus is reduced to £646,000 on a CCA basis.

£186,000 fall for Robt. Moss

DESPITE DIRECTORS' fears that **Robert Moss** would be unable to equal its interim pre-tax profit of £135,625 in the second half, the surplus for the final six months to end-March was virtually the same at £135,200.

This was little changed from the previous year's second half profit of £138,526, but left the full-time result well down at £270,825 against £457,000.

The directors are maintaining the total net dividend at 1.596p with an increased final of 1.071p (0.896p) which, they say, reflects their confidence in the group's technical competence and indicates that the worst may be over.

Turnover of the group, which manufactures plastic injection mouldings, eased from £3.35m to £3.11m. The taxable surplus was struck after interest charges £10,000 higher at £88,000.

Retained profits came through at £39,000 (£166,000) after tax of £72,000 (£131,000) and earnings per 10p share are shown down from 3.26p to 1.99p. CCA adjustments reduce the pre-tax figure to £225,000.

A revaluation of freehold land and buildings has shown a surplus of £1.2m.

BBA downturn: cuts dividend

Taxable profits of **British Building and Engineering Appliances** sank from £402,398 to £204,914 in the year to March 31 1981 and the dividend is being cut from 3.5p to 2p with a final of 1p.

Stated earnings per 25p share are reduced to 10.1p (17p) after tax of £82,864 (£196,929). Turnover fell from £3.51m to £2.6m.

Current cost adjustments leave the pre-tax profit at £115,914.

Greenfields in loss at midway

THE RETAIL recession, unfavourable exchange rates and redundancy and relocation costs have left **Greenfields Leisure**, wholesaler and retailer of camping equipment and leisurewear, with a pre-tax loss of £682,000 for the half year to end-April 1981.

However, the directors expect profits from property transactions to offset the trading downturn significantly over the full year. They are omitting the interim dividend but are hopeful that the full-time result will justify the payment of a final.

The previous first half produced a pre-tax surplus of £444,000, but profits for the whole of last year slumped to £14,000 against £1.05m. Dividends in 1979-80 totalled 2.15p net.

Turnover for the six month period slipped from £8.95m to £8.47m. There was an extraordinary credit of £35,000 (nil).

The directors say proceeds from the disposal of certain branches will improve cash flow and cut borrowing costs. The wholesale division is operating successfully and the group will concentrate on expanding its range of camping, cycle and ski products.

● comment

There are few crumbs of comfort for shareholders of Greenfields Leisure at the midway stage. The interim dividend was passed and losses have grown. With no sign of an upturn in consumer demand, the company is pinning its hopes on property sales to see it through a tough year. A sale and lease back in Yeovil is expected to gross £150,000 and several property disposals are planned over the next few months. Yet even these moves may prove insufficient to push the group into the black for the full year. Borrowings remain at the same uncomfortably high level as year-end and capital gearing has risen from 68 per cent to 77 per cent. Net margins have suffered from the heavy debt servicing charges and the company, intent on maintaining volume, has been unable to raise prices to compensate for higher costs. Two hundred o fits 732 staff have been made redundant, which should ensure that wage costs are contained this year. The shares shed 1p to close at 33p, at which price the market capitalisation is £3.5m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Cronite, Neil and Spencer, Norfolk Capital.

Finals—Ashley Industrial Trust, Braham Miller, James H. Dennis, Highgate and Job, Lennons, Thorn EMI, Warner Holidays.

FUTURE DATES

Interims—	
Bibby (J.)	Aug. 5
Child Health Research Inv. Tst.	July 16
Gestetner	July 16
Jamesons Chocolates	July 15
Lovell (G. F.)	July 20
St Andrew Trust	July 23
Finals—	
Arbuthnot Sterling Fund	July 16
Atlantic Assets Trust	July 16
Black Arrow	July 17
Dixons Photographic	July 30
Durapipe International	July 16
Firth (G. M.) (Metals)	July 16
Graig Shipping	July 15
LRC International	July 13
MFI Furniture	July 23
Sommerville (William)	July 14
Steinberg	July 30

Batleys attributable at £1.06m

ATTRIBUTABLE PROFIT of **Batleys of Yorkshire**, cash and carry wholesaler, for the 53 weeks to May 2 1981 totalled £1.06m on turnover of £105.95m. For the previous 52 weeks attributable profit was £946,757 from sales of £89.12m.

The surplus for the 53 weeks was struck after tax of £222,126 (£82,800) and included an extraordinary credit of £76,657 from the sale of a wine and spirit operation.

Stated earnings per 10p share basic were 11.47p (11.02p) and fully diluted 8.12p (7.81p).

A final dividend of 1.7p (1.56p) raises the total from an equivalent 1.993p to 2.2p net.

Coghlans ends year with loss

ON TURNOVER well down at £4.33m, compared with £6.95m, **Coghlans**, bright steel and hot rolled bar manufacturer, plunged to a pre-tax loss of £650,837 for the year to March 31, 1981, against a profit of £266,895.

At midyear the company reported a turnround from a taxable surplus of £206,427 to a deficit of £268,963 and passed its preference dividend.

The loss for the year was struck after interest charges of £102,206 (£123,897).

The company's year-end has been extended to July 31, 1981, when audited accounts for the 16 months will be produced.

G. RUDDLE

G. Ruddle and Co., the Rutland brewer, is wholly independent. No part of its capital is held by Whitbread Investment.

Tesco confidently faces challenge

ALTHOUGH 1981-82 is proving to be another challenging year for **Tesco Stores (Holdings)**, particularly over costs beyond its control, Mr Leslie Porter, the chairman, is confident that the group will be in the forefront of companies which will receive full advantage from any improvement in the economy.

The group's programme of physical expansion continued during the 1980-81 year, with the emphasis remaining on the introduction of larger store units, while smaller outlets were closed, members are told in his annual statement.

The units to be built will, in the main, be superstores of 30,000 sq ft or more and to achieve this, Tesco must take the opportunity of acquiring suitable sites when they become available "even if this means a short term adverse effect on our profits caused by high financing costs," Mr Porter states.

During 1980-81, the group opened 22 new stores with a total selling area of 714,500 sq ft and completed nine major extensions adding a further 75,500 sq ft. The disposal of 20 smaller units meant the net additional sales area was 630,000 sq ft.

Overall the group was operating 6.84m sq ft (6.21m sq ft) at the end of February excluding garden centres and petrol stations.

The group is planning to open 17 new stores in the current year, which with extensions will add a further 609,000 sq ft of new selling space. As well as undertaking four major extensions at Bethnal Green, Kidlington, Oxford and Peterborough, Tesco has embarked upon a £10m refitting programme of 75 stores, to bring them up to the current internal standards of its new developments.

The group has been looking very carefully at its overall trading operation and currently is examining closely the extent of its product ranges in both food and non-foods, as well as the potential for introducing more of its own-label goods.

As reported June 18, group pre-tax profits for the 53 weeks to February 28 1981 were slightly lower at £35.59m, against the previous year's £36.5m, after a second-half pick up from £19.49m to £24.16m. Sales, excluding VAT, totalled £1.82bn (£1.53bn).

Net borrowings at the year end were £63m (£62m), while shareholders' funds rose from £196.87m to £237.52m. Medium-term bank loans totalled £55.86m (nil). Fixed assets, including investments, rose from £267.38m to £342.22m. A revaluation of the group's property portfolio produced a surplus over book value of £150m which has not been incorporated in the accounts.

Meeting, Connaught Rooms, WC, July 31, noon.

Lex, Back Page

Oil & Assocd. cuts payment

Gross revenue of **Oil and Associated Investment Trust** declined from £664,050 to £592,550 for the year to March 31 1981 and the net total dividend is being reduced from 4.5325p to 3.5p after a final of 2.45p—last year's total included two special non-recurring payments.

Tax for the year took £204,755 (£203,800) and after dividend payments of £349,987 (£437,716) undistributed revenue emerged at £37,808, against £22,534.

Basic earnings per 25p share amounted to 3.88p (4.77p, or excluding special dividends, 3.12p).

Net asset value per ordinary share at year end was 109p (94p).

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Dollar eases

Dollar weakened in quiet, but nervous foreign exchange trading, with interest rates remaining the dominant market factor. U.S. rates were generally firm, and Eurodollar rates showed an upward trend, but there was no further change in bank prime lending rates, despite a strong rumour at one time of an increase to 21 per cent by Morgan Guaranty. The only change was a rise to 20½ per cent in Marine Midland Bank's prime rate, bringing it into line with the rest of the major banks.

Sterling lost ground against major currencies, reflecting uncertainty about UK interest rates, although there was little reaction to news that MLR was unchanged.

European currencies were firm against the dollar, but the D-mark remains under the shadow of the Polish situation, while the nationalisation programme of the French Government led to volatile trading in the franc.

DOLLAR — trade-weighted index (Bank of England) rose to 111.1 from 110.9, but the U.S. currency fell to DM 2.4645 from DM 2.4750 against the D-mark, to FFr 5.8655 from FFr 5.8680 against the French franc, to SwFr 2.1060 from SwFr 2.1145 in terms of the Swiss franc, and to Y228.55 from Y229.35 against the yen.

STERLING — trade-weighted index (Bank of England) fell to 92.9 from 93.5, after opening at 93.3 and easing to 93.1 at noon. The pound opened at $1.8850-1.8860 against the dollar, and touched a peak of $1.8890-1.8900 in the morning. It fell to $1.8700-1.8710 in the afternoon, and closed at $1.8770-1.8780, a fall of 20 points on the day.

JDAVY—42

DEUTSCHE MARK—Strongest member of the European Monetary System but losing ground once again to the strong dollar as U.S. interest rates remain firm. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports may assist a recovery as long as U.S. rates do not show a further rise — The Deutsche Mark gained ground against the dollar yesterday, despite a firm opening of DM 2.4755 for the U.S. currency. At the Frankfurt fixing the dollar fell to DM 2.4622 from DM 2.4645, following Bundesbank sales of $33m. The central bank may not have been active in the open market, however, and the dollar was steady at around DM 2.4660 in late trading. Sterling fell to DM 4.6420 from DM 6510 at the fixing, and continued to decline to DM 4.6250 in the afternoon. Among members of the EMS the French franc fell to DM 41.94 per 100 francs from DM 42.35, and the lira to DM 2.0060 per 1,000 lira from DM 2.0120.

ITALIAN LIRA — One of the stronger members of the EMS since its devaluation earlier this year. The lira has suffered in line with other currencies against the dollar, falling to a record low against the U.S. unit — The lira weakened against most currencies at the Milan fixing. The dollar rose to an all time high for the second day running, and was fixed at L1,225.45, compared with L1,224.95 on Wednesday. During the morning the dollar touched a level of L1,226.50, in the afternoon continued to rise a standing at L1,228 near the close. Sterling improved to L2,380 in the afternoon, after falling to L2,309.80 from L2,310.50 at the fixing. Within the EMS the Deutsche Mark rose to L497.27 from L496.70 at the fixing, but the French franc eased to L209.50 from L210.50, and the Belgian franc to L30.446 from L30.355.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7985	41.3694	+1.40	+1.40	±1.5361
Danish Krone ...	7.91917	7.90401	−0.19	−0.19	±1.6413
German D-Mark	2.54502	2.52476	−0.80	−0.80	±1.1386
French Franc ...	5.99526	6.01044	+0.25	−0.25	±1.3638
Dutch Guilder ...	2.81318	2.81077	−0.08	−0.09	±1.5159
Irish Punt ...	0.685145	0.690492	+0.78	+0.78	±1.6688
Italian Lira ...	1262.92	1259.29	−0.29	−0.29	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8700-1.8900	1.8770-1.8780	1.05-1.15c dis	−7.03	2.55-2.65dis	−5.54
Canada	2.2640-2.2740	2.2645-2.2655	1.30-1.40c dis	−7.15	3.25-3.40dis	−5.87
Nethlnd.	5.14-5.19	5.14½-5.15½	½c pm-⅛ dis	0.29	1⅜-⅞ pm	1.07
Belgium	75.65-76.20	75.70-75.80	45-55c dis	−7.92	105-115 dis	−5.81
Denmark	14.46½-14.57	14.47-14.48	5⅞-7ore dis	−5.34	15⅞-17⅞ dis	−4.47
Ireland	1.2650-1.2740	1.2665-1.2680	0.20-0.33p dis	−2.51	0.75-0.92dis	−2.63
W. Ger.	4.62-4.67	4.62½-4.63½	⅝pf pm-⅛ dis	0.32	1-½ pm	0.65
Portugal	121.10-122.15	121.40-121.60	65-120c dis	−9.13	155-310 dis	−7.65
Spain	184.10-185.60	184.20-184.40	95-130c dis	−7.32	270-320 dis	−6.40
Italy	2,300-2,314	2,301-2,303	32-34 lire dis	−17.20	88-91 dis	−15.55
Norway	11.46-11.56	11.46¾-11.47¾	1¼ore pm-⅛ dis	0.46	3¼-1¾ pm	0.87
France	10.99-11.06½	11.00½-11.01½	9-10c dis	−10.35	23½-25 dis	−8.81
Sweden	9.74-9.83	9.74½-9.75½	par-½ore dis	−0.31	2⅞-3⅞ dis	−1.08
Japan	429-434	429½-430½	2.30-2.00y pm	6.00	6.65-6.40 pm	6.07
Austria	32.40-32.85	32.45-32.50	3gro pm-2 dis	0.18	7 pm-3 dis	0.25
Switz.	3.94½-4.00	3.95-3.98	1¼-¾c pm	3.03	3-2½ pm	2.78

Belgian rate is for convertible francs. Financial franc 79.70-79.80. Six-month forward dollar 4.45-4.55c dis, 12-month 5.75-5.85c dis.

THE DOLLAR SPOT AND FORWARD

July 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8700-1.8900	1.8770-1.8780	1.05-1.15c dis	−7.03	2.55-2.65dis	−5.54
Ireland†	1.4800-1.4905	1.4800-1.4830	0.52-0.62c dis	−4.59	0.98-1.10dis	−2.79
Canada	1.2043-1.2058	1.2055-1.2058	0.10-0.13c dis	−1.14	0.27-0.31dis	−0.96
Nethlnd.	2.7380-2.7470	2.7400-2.7430	1.80-1.70c pm	7.66	4.52-4.42 pm	6.52
Belgium	40.28-40.38	40.36-40.38	6c pm-par	0.89	8 pm-par	0.30
Denmark	7.7045-7.7275	7.7155-7.7205	1.35-1.10ore pm	1.90	2.35-1.85 pm	1.09
W. Ger.	2.4500-2.4750	2.4640-2.4650	1.54-1.48pf pm	7.35	3.80-3.74 pm	6.12
Portugal	64.50-64.90	64.70-64.90	par-25c dis	−2.31	par-75 dis	−2.31
Spain	97.80-98.40	98.10-98.15	par-10c dis	−0.61	25-40 dis	−1.32
Italy	1,222-1,227	1,224-1,225	9-11 lire dis	−9.80	30-33 dis	−10.29
Norway	6.0895-6.1195	6.1090-6.1140	4-3½ore pm	7.36	9¾-9¼ pm	6.22
France	5.8350-5.8750	5.8630-5.8680	1½-2½c dis	−4.09	4¾-5¾ dis	−3.58
Sweden	5.1860-5.2065	5.1915-5.1965	2.50-2.30ore pm	5.54	5.85-5.65 pm	4.43
Japan	227.50-229.50	228.50-228.60	2.50-2.35y pm	12.73	6.45-6.30 pm	11.18
Austria	17.28-17.41	17.35¼-17.36¼	11-9½gro pm	7.09	26½-22½ pm	5.64
Switz.	2.0900-2.1100	2.1055-2.1065	1.85-1.75c pm	10.26	4.37-4.27 pm	8.20

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 9	Bank of England Index	Morgan Guaranty Changes %
Sterling	92.9	−31.1
U.S. dollar	111.1	+4.8
Canadian dollar	88.3	−17.2
Austrian schilling	110.3	+21.7
Belgian franc	104.3	+6.7
Danish kroner	85.0	−11.5
Deutsche mark	115.4	+37.1
Swiss franc	135.9	+83.5
Guilder	107.2	+14.0
French franc	81.9	−12.1
Lira	57.0	−55.8
Yen	142.4	+35.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.061243	0.544444
U.S. $	14	1.13665	1.02737
Canadian $	19.06	1.37057	1.23635
Austria Sch.	6¾	19.7334	17.8351
Belgian F.	13	45.8724	41.3977
Danish K.	11	8.77210	7.92766
D mark	7½	2.80127	2.53348
Guilder	9	3.11783	2.81724
French Fr.	9½	6.62099	5.97772
Lira	19	1392.40	1258.52
Yen	6¼	260.407	235.339
Norwgn. Kr.	9	6.92675	6.27823
Spanish Pts.	8	111.559	101.504
Swedish Kr.	12	5.91194	5.34846
Swiss Fr.	5	2.39401	2.15589
Greek Dr'ch.	20½	Unavail.	61.9244

OTHER CURRENCIES

July 9	£	$		£ Note Rates
Argentina Peso	8560-8680†	4612-4622†	Austria	32.50-32.85
Australia Dollar	1.6410-1.6450	0.8755-0.8760	Belgium	78.50-79.30
Brazil Cruzeiro	174.00-175.00	92.74-93.20	Denmark	14.48-14.63
Finland Markka	8.54-8.56	4.5350-4.5370	France	10.95-11.05
Greek Drachma	111.521-114.935	60.00-60.10	Germany	4.63-4.67
Hong Kong Dollar	10.661-10.681	5.6850-5.6900	Italy	2270-2320
Iran Rial	153.25*	81.00*	Japan	431-437
Kuwait Dinar(KD)	0.530-0.536	0.2832-0.2835	Netherlands	5.15-5.18
Luxembourg Frc.	75.70-75.80	40.36-40.38	Norway	11.45-11.57
Malaysia Dollar	4.4790-4.3890	2.3500-2.3520	Portugal	119-122
New Zealand Dlr.	2.2280-2.2330	1.1885-1.1895	Spain	178½-184¾
Saudi Arab. Riyal	6.39-6.45	3.4115-3.4145	Sweden	9.74-9.84
Singapore Dollar	4.0550-4.0650	2.1625-2.1645	Switzerland	3.95-3.99
Sth African Rand	1.7120-1.7140	0.9120-0.9130	United States	1.87½-1.89
U.A.E. Dirham	6.89-6.95	3.6705-3.6735	Yugoslavia	69-76

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,570-11,610 and for the dollar 6,150-6,200. *Selling rate.

EXCHANGE CROSS RATES

July 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.878	4.630	430.0	11.01	3.955	5.150	2302.	2.265	75.75
U.S. Dollar	0.533	1.	2.466	229.0	5.864	2.107	2.743	1227.	1.206	40.35
Deutschemark	0.216	0.405	1.	92.87	2.378	0.854	1.112	497.2	0.489	16.36
Japanese Yen 1,000	2.326	4.366	10.77	1000.	25.60	9.198	11.98	5353.	5.267	176.2
French Franc 10	0.908	1.705	4.205	390.6	10.	3.592	4.678	2091.	2.057	68.80
Swiss Franc	0.253	0.475	1.171	108.7	2.784	1.	1.302	582.0	0.573	19.15
Dutch Guilder	0.194	0.365	0.899	83.50	2.131	0.768	1	447.0	0.440	32.91
Italian Lira 1,000	0.434	0.816	2.011	186.8	4.783	1.718	2.237	1000.	0.984	33.44
Canadian Dollar	0.442	0.829	2.044	189.8	4.861	1.746	2.274	1016.	1.	100
Belgian Franc 100	1.320	2.479	6.112	567.7	14.53	5.221	6.799	3039.	2.990	

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 1/16	offer 18 3/16	bid 18 1/8	offer 18 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¾-12	19½-19¾	18½-19½	11 1/16-11 5/16	4¼-4¾	11⅞-12	19½-22	22-27	11-13	6¼-6¾
7 days' notice	12-12¼	19⅝-19⅞	18½-19½	11 1/16-11 5/16	5¼-5¾	11⅞-12	19½-22	28-34	13-15	6½-6¾
Month	12 7/16-12 9/16	19¼-19½	19⅜-19¾	11⅞-12	9 3/16-9 7/16	12 3/16-12 5/16	21½-22½	29¼-31¼	20½-21	6 13/16-7 1/16
Three months	13 1/16-13½	18¾-19	19⅛-19½	11 13/16-12 1/16	10 5/16-10 9/16	12 3/16-12 5/16	20½-22¼	28½-29½	19-19½	7 3/16-7 7/16
Six months	13⅝-13¾	18⅜-18⅝	18½-18⅞	11⅞-12	10 5/16-10 9/16	12 3/16-12 5/16	20¼-21	27¾-28¾	18⅝-18⅞	7¾-8
One Year	13¾-14	17 11/16-17 15/16	17⅝-18	11⅞-12	9 5/16-9 9/16	12 3/16-12 5/16	18⅝-19⅜	25¼-26¼	16⅞-17⅜	8⅛-8⅜

SDR linked deposits: one-month 15⅞-16⅛ per cent; three-months 15 9/16-15 11/16 per cent; six-months 15½-15⅝ per cent; one-year 14⅞-15 per cent.

ECU linked deposits: one-month 15⅞-16 per cent; three-months 15⅝-16 per cent; six-months 15 9/16-15 11/16 per cent; one-year 15-15⅛ per cent.

Asian $ (closing rates in Singapore): one-month 19 7/16-19 9/16 per cent; three-months 18⅝-18⅞ per cent; six-months 18⅛-18⅜ per cent; one-year 18 5/16-18 7/16 per cent.

Long-term Eurodollar two-years 16⅝-16⅞ per cent; three-years 15⅞-16⅛ per cent; four-years 15¾-16 per cent; five-years 15¾-15⅞ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.10-19.20 per cent; three-months 18.55-18.65 per cent; six-months 17.95-18.05 per cent; one-year 16.65-16.75 per cent.

MONEY MARKETS

Bank drains surplus

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Short term money rates fell in London yesterday reflecting an ample supply of day to day money while longer term rates continued to harden as the market reacted to recent moves by the Bank of England to tighten interest rates. There was also tension ahead of any possible announcement on MLR although this was later proved to be unfounded. The Bank of England indicated a large surplus of day to day funds initially and drained liquidity on a large scale during the afternoon despite a modified forecast later in the day of a moderate surplus. The Bank sold a large amount of Treasury bills both to discount houses and banks ranging between 11½ per cent and 12¼ per cent and maturing on July 13 and 16.

This was seen as a further signal by the authorities of their desire to see rates nearer the 12 per cent level. Consequently interbank money rose, from 9 per cent before the mop, to 12 per cent, having eased from an opening level of 11¾-11⅞ per cent to 10-10½ per cent on the early forecast of a large surplus.

The market was faced with the unwinding of Tuesday's sale and repurchase agreement involving a small amount of local authority bills, Treasury bills and eligible bank bills. This was more than offset by a moderate excess of Government disbursements (given earlier as large) over revenue transfers to the Exchequer and banks bringing forward balances a small way above target.

In New York the Federal authorities injected funds into the market through repurchase agreements with Federal funds trading at 20½-21 per cent. Meanwhile Marine Midland Bank increased its prime rate to 20½ per cent from 20 per cent bringing it in line with other major banks.

In Paris call money was quoted at 18¾ per cent, unchanged from Wednesday with longer term rates showing little change. The Bank of France announced its intention to hold two separate auctions of four-month Treasury bills today and on July 15, offering FFr 4bn at each auction. Previous four-month bills auctioned on July 6 yielded 17.775 per cent.

MONEY RATES

NEW YORK	
Prime rate	20½
Fed. funds	20½-21
Treasury bills (13-week)	15.26
Treasury bills (26-week)	14.74
GERMANY	
Special Lombard	12.0
Overnight rate	11.95
One month	12.85
Three months	12.95
Six months	12.85
FRANCE	
Intervention rate	18.25
Overnight rate	18.75
One month	18.25
Three months	17.125
Six months	16.75
JAPAN	
Discount rate	6.25
Call (unconditional)	7.3125
Bill discount (three-month)	7.46875

GOLD

Firmer trend

Gold rose $8 to $405-407 in the London bullion market yesterday. It opened at $404-406 and was fixed at $406 in the morning and $406.25 in the afternoon. The metal touched a peak of $408-409, helped by renewed interest at the present low levels, and general resistance to the downward trend in Silver trading.

In Paris the 12½ kilo gold bar was fixed at FFr 88,200 per kilo ($468.75 per ounce) in the afternoon, compared with FFr 88,000 ($468.37) in the morning, and FFr 87,800 ($468.81) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,330 per kilo ($408.28 per ounce), against DM 31,865 ($402.00) previously, and finished at $404-405, compared with $397-399.

In Luxembourg the 12½ kilo bar was fixed at LFr 547,500 per kilo ($405.25 per ounce), compared with LFr 539,000 ($400.05).

In Zurich gold rose to $405-408 from $396-399.

	July 9		July 8	
Gold Bullion (fine ounce)				
Close	$405-407	(£215½-216½)	$397-399	(£210-211)
Opening	$404-406	(£215½-216½)	$399-401	(£211-212)
Morning fixing	$406	(£214.963)	$400.00	(£211.249)
Afternoon fixing	$406.25	(£215.976)	$397.75	(£210.337)
Gold Coins				
Krugerrand	$418-419	(£222¾-223¼)	$410-411	(£217¾-218¼)
1/2 Krugerrand	$215-216	(£114½-115)	$211-212	(£112-112½)
1/4 Krugerrand	$109½-110½	(£58½-59)	$107½-108½	(£57-57½)
1/10 Krugerrand	$44¾-45¾	(£23¾-24¼)	$44-45	(£23¼-23¾)
Mapleleaf	$407-410	(£217-218½)	$399-402	(£212-213½)
New Sovereigns	$101½-102¼	(£54-54½)	$99¼-100	(£52¾-53¼)
King Sovereigns	$110½-112	(£59-59¾)	—	—
Victoria Sovs	$110½-112	(£59-59¾)	—	—
French 20s	$105-112	(£56½-59¾)	$105-110	(£55¾-58½)
50 pesos Mexico	$505-509	(£269¼-271½)	$494-498	(£262½-264½)
100 Cor. Austria	$393-398	(£209½-212¼)	$384-389	(£204-206½)
$20 Eagles	$535-540	(£285¼-288)	$537-542	(£285¼-288)

LONDON MONEY RATES

July 9 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	9-12	10½	—	—	10¼-13	9-11⅛	—	—	—
2 days notice	—	—	12	—	—	—	—	—	—	—
7 days or	—	11¾-12⅛	12⅛	—	12½	12⅛-12¼	11¼-11⅝	12⅝	12 11/16-12¾	13¼
7 days notice	—	12⅝-12½	12⅝	13¾-13½	12⅞	13	12	12¾	12 13/16	13½
One month	12⅞-12⅝	13 1/16-13⅛	—	14-13½	13¼	13¾-13½	12¼-12⅜	12⅞	12 13/16	13½
Two months	13 5/16-13⅛	13 1/16-13 3/16	13⅜	14-13½	13⅝	13⅞	12½		12⅞	13½
Three months	13 5/16-13 3/16	13¼-13¾	13½	13⅞-13⅝	13⅞	14	—	—	—	—
Six months	13⅝-13½	13¾-13⅞	—	14¼-13¾	13 15/16	14⅛	—	—	—	—
Nine months	13 11/16-13 9/16	13¾-13⅞	13⅞	14⅛-13¾	14	14¼	—	—	—	—
One year	13 13/16-13 11/16	13¾-13 15/16	14¼	—	—	—	—	—	—	—
Two years	—									

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14½ per cent; four years 14⅝ per cent; five years 14⅞ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 13/16-13 per cent; four-months trade bills 13½ per cent.

Approximate selling rate for one-month Treasury bills 12⅝ per cent; two-months 12½ per cent; three-months 12⅝ per cent. Approximate selling rate for one-month bank bills 12 5/16-12⅜ per cent; two-months 12⅝-12 11/16 per cent; three-months 12⅝-12 11/16 per cent. Approximate selling rate one-month trade bills 13 per cent; two-months 13¼ per cent and three-months 13⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9239 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 8, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.50
Albania	Lek	5.3356
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.8165
	Sp. Peseta	98.10
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (6)	4568.00
	Peso (F) (9)	6525.00
Australia	Dollar	0.8754
Austria	Schilling	17.3575
Azores	Port. Escudo	64.70
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	98.10
Bangladesh	Taka	15.1773
Barbados	Dollar	2.01
Belgium	Franc (C)	40.33
	Franc (F)	42.115
Belize	Dollar	2.00
Benin	C.F.A. Franc	290.825
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.83
Bolivia	Peso	24.75
Botswana	Pula	0.8615
Brazil	Cruzeiro	92.97
Brunei	Dollar	2.161
Bulgaria	Lev	0.94
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	290.825
Canada	Dollar	1.2016
Canary Is.	Sp. Peseta	98.10
Cape Verde	Escudo	38.51
Cayman Is.	Dollar	0.838
Cen. Af. Rep.	C.F.A. Franc	290.825
Chad	C.F.A. Franc	290.825
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7642
Colombia	Peso (O)	54.35
Comoros	C.F.A. Franc	290.825
Congo P'ple.Rep.of	C.F.A. Franc	290.825
Costa Rica	Colon (O) (4)	8.60
Costa Rica	Colon	20.03
Cuba	Peso	0.7313
Cyprus	Pound*	2.2316
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.712
Djibouti Rp. of	Franc	178.18
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	29.10
Egypt	Pound* (3)	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	196.20
Ethiopia	Birr (O)	2.0417
Faeroe Is.	Dan. Krone	7.712
Falkland Is.	Pound*	1.893
Fiji	Dollar	0.8699
Finland	Markka	4.546
France	Franc	5.8165
Fr. C'ty in Af.	C.F.A. Franc	290.825
Fr. Guiana	Franc	5.8165
Fr. Pac. Is.	C.F.P. Franc	101.426
Gabon	C.F.A. Franc	290.825
Gambia	Dalasi	2.1131
Germany (E)	Ostmark (O)	2.4622
Germany (W)	Mark	2.4622
Ghana	Cedi	2.75
Gibraltar	Pound*	1.893
Greece	Drachma	60.10
Greenland	Dan. Krone	7.712
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.8165
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.713
Guinea Rep.	Syli	21.7192
Guyana	Dollar	3.0032
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.6725
Hungary	Forint	35.0739
Iceland	Krona	7.173
India	Rupee	8.83
Indonesia	Rupiah	629.00
Iran	Rial (O)	79.25
Iraq	Dinar	0.2999
Irish Rep.	Punt*	1.4857
Israel	Shekel	11.47
Italy	Lira	1224.00
Ivory Coast	C.F.A. Franc	290.825
Jamaica	Dollar	1.7834
Japan	Yen	229.55
Jordan	Dinar	0.336
Kampuchea	Riel	n.a.
Kenya	Shilling	8.9304
Kiribati	Aust. Dollar	0.8734
Korea (Nth)	Won	0.94
Korea (Sth)	Won	683.10
Kuwait	Dinar	0.2832
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.373
Lesotho	Loti	0.8885
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.1062
Luxembourg	Lux Franc	40.33
Macao	Pataca	5.7796
Madagascar D. R.	Franc	290.825
Madeira	Port. Escudo	64.70
Malawi	Kwacha	0.9255
Malaysia	Ringgit	2.323
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	581.65
Malta	Pound*	2.5073
Martinique	Franc	5.8165
Mauritania	Ouguiya	58.165
Mauritius	Rupee	8.7984
Mexico	Peso	24.56
Miquelon	Fr. Franc	5.8165
Monaco	Fr. Franc	5.8165
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.5341
Mozambique	Metica	36.8959
Namibia	S.A. Rand	0.8885
Nauru Is.	Aust. Dollar	0.8734
Nepal	Rupee	12.00
Netherlands	Guilder	2.74
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1869
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	290.825
Nigeria	Naira (O)	0.6596
Norway	Krone	6.0885
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.83
Panama	Balboa	1.00
Papua N.G.	Kina	0.684
Paraguay	Guarani	126.00
Peru	Sol	431.94
Philippines	Peso	7.945

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.1869
Poland	Zloty (O)	31.00
Portugal	Escudo	64.70
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.8165
Romania	Leu (O)	4.47
Rwanda	Franc	98.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.893
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.8165
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0582
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1224.00
Sao Tome & Principe DR	Dobra	39.8128
Saudi Arabia	Riyal	3.4103
Senegal	C.F.A. Franc	290.825
Seychelles	Rupee	7.32
Sierra Leone	Leone	1.2027
Singapore	Dollar	2.161
Solomon Is.	Dollar	0.8913
Somali Rep.	Shilling	6.295
South Africa	Rand	0.8885
Spain	Peseta	98.10
Span. Ports in N. Africa	Sp. Peseta	98.10
Sri Lanka	Rupee	18.4892
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.8885
Sweden	Krone	5.2025
Switzerland	Franc	2.1062
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.2409
Thailand	Baht	20.72
Togo Rep.	C.F.A. Franc	290.825
Tonga Is.	Pa'anga	0.8734
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5176
Turkey	Lira	115.12
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8734
Uganda	Shilling (7)	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.893
Upper Volta	C.F.A. Franc	290.825
Uruguay	Peso	10.818
U.S.S.R.	Rouble	0.7707
Vanuatu	Vatu (5)	94.004
Vanuatu	Aust. Dollar	0.8734
Vatican	It. Lira	1224.00
Venezuela	Bolivar	4.2954
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	35.9381
Zaire Rp.	Zaire (8)	5.5863
Zambia	Kwacha	0.9012
Zimbabwe	Dollar	0.7092

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanatu—100 vatu=8.1875 French francs since 1/1/81. Aust. dlr. being phased out over next two years.
(6) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank for Imports and Exports.
(7) Uganda—Rate quoted by Bank of Uganda on June 9 following devaluation June 1, 1981.
(8) Zaire: Devalued on June 19 by 40 per cent. 1 Zaire=0.1575 SDR.
(9) Argentina: Financial allowed a clean float.

Marriott on course for record performance

By Our Financial Staff

RECORD EARNINGS, for the sixth year in succession, are in prospect for Marriott, the major hotel and food service operator which also has interests in other entertainment operations.

Net profits for the second quarter increased by almost 27 per cent, from $17.2m or 66 cents a share to $21.8m or 81 cents a share. This has boosted net earnings for the half-year just ended by 21 per cent, from $29.9m or $1.03 a share to $36.2m or $1.35 a share.

The increase in second quarter revenues, from $389.2m to $463.6m, was slightly less than profits, namely 19 per cent, indicating improved operating margins. This lifted half-year revenues 18 per cent, from $739.6m to $876.2m.

Net earnings for the whole of 1980 totalled $72m or $2.61 a share on record revenues of $1.72bn.

The directors expect 1981 to be a good year despite economic problems in the U.S.

Hotel operations had only a slight profit improvement in the second quarter despite a 25 per cent sales gain. Occupancy rates for comparable hotels were above 80 per cent in the second quarter but one point below last year. Hotel operations were also adversely affected by new hotels opened in the year.

However, restaurant group sales were up 12 per cent in the second quarter and profits increased by 27 per cent. The directors added that its Great American Theme Parks posted substantial improvements in the second quarter results.

Property sale props up Chemical Bank income

BY DAVID LASCELLES IN NEW YORK

CHEMICAL BANK of New York, the sixth largest U.S. bank, managed to turn in a healthy 15 per cent increase in profits in the second quarter, but only because of a large profit on the sale of its headquarters building near Wall Street.

Net income before securities transactions was $53.5m, or $3.27 a share, up from $46.4m, or $2.98 a share. This brought six months earnings to $103.8m, or $6.39, compared with $79m, or $5.04 a share, in the same period last year.

The sale of the building gave Chemical a $12.6m after-tax gain, $9.1m of which was recognised in the latest quarter. Chemical is moving into new headquarters on Park Avenue, in mid-town Manhattan, a favourite relocation area for large New York banks.

According to Mr Donald Platten, the chairman, the positive factors affecting earnings in the latest quarter were higher net interest income and service fees, as well as increased foreign exchange trading profits. But operating expenses were up sharply, and the provision for loan losses rose as well.

The earnings were in line with forecasts made by Mr Platten to analysts 10 days ago. At the time, he reported that Chemical was engaged on a major examination of its future strategy, which he described as the most intensive long-range planning programme in the bank's history. It is designed to strengthen its market position and identify new opportunities.

Chemical is aiming to increase its return on equity over the next five years to 18 to 20 per cent and improve the return on assets to 0.65 per cent or higher.

Some analysts have said these goals are unrealistically high. But they say that Chemical needs to improve its financial performance and shrug off its lack-lustre image.

The result at Chemical is similar to that of J. P. Morgan, parent of Morgan Guaranty, which although it saw profits decline by 7 per cent, was saved from a more precipitous drop by sales of a property subsidiary and its interest in Morgan Grenfell, the London merchant bank.

Morgan's profits, reported on Wednesday evening, came out at $94.6m against $101.5m, or $2.30 a share compared with $2.47 a share. This took the six month total to $173.9m against $172.29m last time.

Bond prices edge downwards

BY FRANCIS GHILES

Eurobond price movements continue to reflect events in New York. Prices started on a firm note yesterday morning but soon started slipping and closed ⅛ of a point down on the day. This was the result of a further rise in U.S. Federal Funds rates yesterday morning in New York.

With the exception of some buying of U.S. names by Continental Europe as investors at least in the fixed interest dollar sector, investors are keeping firmly to the sidelines. Even those who have been confident since late June that U.S. interest rates would ease are beginning to wonder whether this will happen before the autumn. Trading in fixed interest dollar Eurobonds remains extremely thin.

Deutsche Mark foreign bond prices remain steady but German dealers describe trading as "extremely thin." Prices of Swiss franc bonds were also unchanged yesterday.

A SwFr 40m ($19m) five-year private placement is being arranged for Toda Kogyo, the Japanese specialist in metal oxides. The borrower is paying a coupon of 4¾ per cent and the issue is led by Swiss Bank Corporation. The Brazilian borrower Light Servicios de Electricidade is arranging a SwFr 20m FRN to 1989-91 which carries a coupon set at 2 per cent above the six-month Swiss interbank rate, with a minimum of 7¼ per cent.

The Swedish Export Credit organisation, SEK, is arranging a Y10bn ($43m) 12-year private placement of bonds which carry a coupon of 8.7 per cent and a price of par through Industrial Bank of Japan.

Kleenex group expects gain

By Our Financial Staff

KIMBERLEY-CLARK Corporation, the Kleenex tissue and forest products concern, expects net income in the second quarter to be about $55m or $2.40 a share, against the $43.3m or $1.86, earned in the 1980 quarter.

Sales should be up 16 per cent to $700m from $609m and for the first six months Kimberly Clark's net income is estimated to be $112m or $4.90 a share, compared with $94m or $4.03 a share, in the 1980 half. Sales are expected to be about $1.4bn compared with $1.3bn.

Boeing expects downturn as aircraft deliveries slow

BY OUR FINANCIAL STAFF

BOEING, the U.S. aircraft manufacturer, expects to report that second quarter net income was "somewhat lower" than the record $155.2m or $1.61 a share reported for the year-earlier period.

Fewer deliveries of 727 and 747 airliners, continuing high research, development and engineering expenses — primaily related to the new 757 and 767 airliner programmes — and lower interest income were the main factors, the company said.

No estimate of second quarter sales was given but recently the company has been forecasting that sales for full-year 1981 would be about $9.4bn—$9.5bn against $9.43bn last year.

S and P lifts Heinz rating

By Our Financial Staff

Standard and Poor's, the credit rating company, has raised its ratings on H. J. Heinz 7¼ per cent debentures due 1997 and its $1.70 cumulative preferred stock to "A plus" from "single A."

The rating service said the action reflects the U.S. food company's excellent operating record, which is highlighted by good profit margins and consistent earnings growth over the past few years.

No reprieve for RKO television licences

By Our New York Staff

THE FEDERAL Communications Commission is sticking by its decision to revoke three television broadcasting licences from RKO-General, the subsidiary of General Tire and Rubber. It said yesterday it would not ask the Court of Appeals to let it reconsider the ruling. Some observers had thought it might because the composition of the commission has changed since the issue first came up more than two years ago.

At the beginning of 1980, the FCC decided that various RKO stations were unfit to hold broadcasting licences because of alleged abuses of advertising practices by General Tire and Rubber.

The company has appealed the ruling, and the matter now lies with the Court of Appeals. General Tire said yesterday that it was disappointed by the FCC's stand, but would pursue its appeal.

RKO owns for television stations and 12 radio stations and 95 per cent of Cablecom-General, a cable television network.

In the fiscal year ended November 1980, RKO contributed 74 per cent of General Tire's net income of $41m.

IEL gives details of Huttons bid

By Our Sydney Correspondent

INDUSTRIAL EQUITY LTD (IEL), the takeover specialist headed by Mr Ron Brierley, has ended a week-long wrangle with the Melbourne Stock Exchange by the release of details of a takeover offer for Huttons, the Melbourne-based meat processor.

The offer values Huttons at A$18.33m (U.S.$21m) and IEL is bidding for the 72.4 per cent of issued capital not already held, at 83 cents a share, in accordance with Stock Exchange listing requirements. The company has also undertaken to make an offer for Huttons' preference shares.

Mr Brierley had stated previously that IEL would not bid for Huttons until IEL was reinstated to official quotation on share markets.

IEL shares will be back on the trading lists from the commencement of trading today. The Melbourne Exchange had earlier been adamant that IEL would not be relisted until it had made a full bid for Huttons, since it had lifted its stake to 27.6 per cent.

Stock Exchange listing requirements call on a buyer accumulating a stake of more than 20 per cent in a company to bid for all shares. This is intended to protect the interests of the small shareholder.

The Huttons board fought hard to ensure that minority shareholders had the chance to sell at the relatively attractive 83 cent level, but as yet they have not recommended shareholders to accept the offer. The board will have further discussions with Hill Samuel, Australia, acting as independent advisers, before making a decision on recommendation.

Huttons' net tangible asset backing is 35 cents a share, but like other members of the meat processing industry, its earnings have been depressed in recent years.

IEL's offer is not subject to any minimum acceptance level. It would appear, however, that would prefer to control less than 50 per cent of Huttons, at least until the meat industry shows clear signs of recovery.

$2.5bn finance for Pennzoil

By Our Financial Staff

PENNZOIL, the Houston-based natural resources company, has arranged a $2.5bn commitment with a group of 25 U.S. and foreign banks led by Citibank.

Pennzoil said the form of the commitment is a non-recourse production payment payable solely out of production from proved domestic oil and gas reserves and 40 per cent proved domestic sulphur reserves.

Synthetic fuel prudence

By Our Financial Staff

U.S. Synthetic Fuel Corporation would take a prudent approach to financing projects, Mr Edward Noble, chairman, said yesterday.

Mr Noble, in his first public statement since taking the job, told the House of Representatives energy sub-committee that the corporation's goal was to develop a strong private synthetic fuel industry. The corporation is authorised to provide up to $20bn in Federal loan guarantees with no more than $3bn to any one project.

Growth rate slows slightly at Abbott Laboratories

BY OUR FINANCIAL STAFF

ABBOTT LABORATORIES, the Chicago-based health care group, is well on the way to meeting Wall Street's forecasts for fiscal 1981, although the rate of growth slowed slightly in the second quarter.

With nearly 30 per cent of earnings coming from outside the U.S., Abbott has suffered some minor losses on foreign exchange this year. But at the half-way stage, net earnings are 17 per cent ahead at $116.6m, $1.08 a share, or 94 cents when adjusted for the two-for-one stock issue in May.

Wall Street analysts previously predicted earnings for the full year of about $4.05 a share unadjusted.

Abbott said its sales of professional pharmaceutical and nutritional products in the first half of the year rose by 20.4 per cent from a year earlier, to $565m.

Sales of hospital and laboratory products were up 16.3 per cent to $465m, while consumer, animal health, agricultural and chemical products sales rose to $96m from $93m.

International sales rose by 16.8 per cent to $395m in the opening six months.

The second quarter, earnings put on 15.3 per cent to $60.7m, with sales 16 per cent ahead at $578.8m. This shows a modest check by comparison with the first quarter, when earnings and sales both put on 18 per cent.

For the whole year, sales growth of 15 per cent is expected with the overseas operations bringing the major share of the increase. France, Spain, Japan and Germany are all major areas for Abbott's operations, showing good growth potential in the past few years.

Although pharmaceutical and nutritional products remain a significant sector of Abbott's business, the group is moving rapidly into medical supply.

In March, Abbott increased its quarterly dividend from 30 cents to 36 cents a share, making the seventh increase in seven years.

Continued growth for the company has been widely forecast by the securities industry, with further penetration of overseas markets playing the major role in expansion.

Cummins Engine sees weaker second half profits

BY OUR FINANCIAL STAFF

CUMMINS ENGINE, the leading U.S. maker of truck diesel engines, continued its higher earnings rate in the second quarter but faltering demand is creating uncertainty for late 1981, Mr James Henderson, president said.

"The second quarter was probably about the same as the first quarter this year," he added.

First quarter net profit of $33.8m or $3.95 a share was a quarterly record in contrast to the depressed year earlier $2.6m or 31 cents. The first quarter net included $21.2m from operations and $12.6m from currency translation effects, specifically the drop in sterling against the U.S. dollar. First quarter sales were $512m up from $411m a year ago.

In the 1980 second quarter Cummins broke even from operations but suffered a $12.8m exchange loss because of a stronger pound.

In the first half just ended it appears Cummins earned about as much as its record 1977 full-year net profit of $67m or $8.22 a share.

But the company is braced for a possible second-half downturn.

The third quarter is seasonally the slowest for Cummins because of holiday shutdowns. The fourth quarter outlook is uncertain because demand has slipped recently, in part because of the effect of high interest rates on the buying of heavy-duty trucks.

Capital spending programme this year will top $200m, up from last year's $92.4m. It includes new models of engines for the heavy-duty truck market and new engines that will broaden the company's business into medium and light duty trucks and industrial equipment.

FTC ruling set aside

By Our Financial Staff

THE U.S. Court of Appeals has set aside a 1979 Federal Trade Commission (FTC) order that Kaiser Aluminium and Chemical should divest itself of two refractory plants it acquired in 1974.

The Court ruled unanimously that an FTC administrative law judge had incorrectly applied legal principles in ruling that the acquisition of the Lavino division of International Minerals and Chemicals might severely lessen competition.

Kaiser Aluminium paid $16.9 for plants in Gary, Indiana and Plymouth Meeting, Pennsylvania, which produce high temperature refractories, used in many industrial operations, especially steel-making furnaces.

At the time of the purchase, Kaiser Aluminium was the second largest U.S. producer in the $284m a year refractory market and International Minerals, Lavino division was the fourth largest.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13.

Closing prices on July 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¼ 86 (WW)	55	96½	99½	−0⅛	−0⅛	15.46
Amoco 13¼ 88	75	93¾	94¼	−0⅛	−0⅜	14.72
CIBC 14½ 84	185	97⅜	97⅞	−0⅛	−0⅜	15.54
CIBC 15¾ 86	75	99½	99⅞	−0⅛	−0⅛	15.43
CNA 15¾ 86	75	97⅛	97⅞	0	−0⅛	15.66
CNE 12¾ 91	100	87⅞	88⅛	−0⅛	−0⅜	15.13
Citicorp O/S 12 87	200	88½	89	−0⅜	−1	14.84
Citicorp O/S 15½ 84	175	99½	100	−0⅜	−0⅛	15.58
Dupont Canada 13½ 91	65	93¾	94¼	−0⅛	−0⅛	14.89
EIB 12¾ 89	75	87⅞	88⅜	0	+0⅛	15.44
Eldorado 13¾ 88	50	92⅞	93⅛	−0⅜	−0⅞	15.35
Elec. de France 13 88	125	91⅛	91⅜	−0⅛	−0½	15.11
Export Dv. Cpn. 9½ 86	150	81⅛	82⅛	−0⅛	−0⅛	15.29
Fed. Bs. D. 12¾ 85 (N)	50	90⅜	91⅛	−0⅛	−0⅜	15.16
Fed. Bs. D. 15¾ 84 (J)	40	100⅜	101⅛	0	0	15.33
Fin. Exp. Credit 10½ 85	50	85⅛	85⅝	+0⅛	+0⅛	15.71
Finland, Rep. of 9½ 86	100	79⅞	80⅜	−0⅛	−0⅛	15.77
Ford Cr. O/S Fin. 16 84	150	100⅛	100⅝	0	−0½	15.61
Ford Cr. O/S Fin. 16 85	150	97⅜	98⅛	+0⅛	−0⅞	16.72
Gaz de France 13½ 86	80	94⅛	94⅝	−0⅛	−0½	15.19
GMAC O/S Fin. 12⅞ 88	100	90¼	90⅝	0	−0¼	15.21
GMAC O/S Fin. 14¾ 87	100	96¾	97¼	−0⅛	−0⅜	15.55
Gen. Mtrs. O/S 11⅛ 87	100	87⅛	87⅝	0	−0⅛	14.95
Genstar 14¼ 91	50	98⅛	98⅝	+0⅛	+0⅛	15.04
GTE Fin 13¾ 86 (WW)	50	97	97⅜	−0⅛	+1	14.51
Hiram Walker 16 86	50	102¼	102⅝	0	+0⅛	15.24
IBM Wld. Trade 12½ 88	200	95¼	95⅝	−0⅛	−0⅛	13.56
IBM Wld. Trade 14¾ 84	100	100½	101	0	+0⅛	14.39
Nat. Bk. Canada 15¾ 84	40	98⅛	98⅞	−0¼	−0⅜	15.84
Newfoundland 13½ 90	60	91½	92	−0¼	−0⅛	15.24
Nova Scotia 15 91	75	97½	98	−0¼	−0½	15.45
Ontario Hydro 13½ 91	100	93	93½	0	−0⅜	14.82
Queb. Hy. 13 91 (WW)	100	88⅜	89⅛	−0⅛	−0⅜	15.24
Royal Bk. Canada 14 86	100	97⅜	98¼	0	0	14.56
SNCF 13 91	75	90⅜	91⅛	0	−0¼	14.77
Sth. California 14 87	50	96⅞	97½	−0½	−0⅛	14.73
Sth. California 14¾ 88	50	97⅜	98¼	−0⅛	−0⅜	15.23
Sven Handlsbk 13¼ 88	45	92⅛	92⅝	−0⅛	−0⅜	15.61
Swed Ex. Credit 13 86	75	90⅞	91⅛	0	0	15.82
Swed Ex Cred 15¾ 86	50	99⅝	100½	−0⅛	−0⅜	15.76
Toronto-Dom. Bk 14 84	50	96½	96⅝	0	−0⅛	15.63
Tribune O/S Fin. 14 85	50	95	95½	0	−0⅛	15.43
Wells Fargo Int. 15½ 84	50	100⅛	100⅝	0	−0⅛	15.30
World Bank 10⅞ 87	300	81⅜	82⅛	0	+0⅜	15.07
World Bank 14¾ 86	500	96⅜	96⅞	+0⅛	+0¼	15.39

Average price changes... On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅛	98	−0⅛	−0⅜	10.38
Austria, Rep. of 8¾ 92	150	87⅞	88⅜	+0⅛	+0⅛	10.03
CECA 7⅞ 92	150	86	87	+0⅛	0	9.92
CECA 10 91	120	100½	101¼	+0⅛	+0⅜	9.84
Cll-Honeywell 8¾ 90	125	87⅞	88⅜	0	−0⅛	10.44
Council of Europe 10 91	100	99⅝	100	+0⅛	0	10.05
EIB 8½ 90	200	89⅜	90⅛	+0⅜	+0⅛	10.21
EIB 10½ 91	200	100⅛	101⅛	+0⅛	0	10.36
ESCOM 9¾ 87	100	90⅝	91⅛	0	−0⅞	11.36
Finland, Rep. of 10 88	100	97	97⅜	−0⅛	−0⅜	10.49
Iberduero SA 9 90	100	88⅛	88⅞	−0⅛	−1⅛	11.07
Ind. Bk. Finland 8½ 90	50	89⅜	90⅛	0	+0⅛	10.24
Int.-Am Dv. Bk. 10 91	100	98⅞	99⅜	−0⅛	−0⅛	10.11
Japan Air Lines 8¾ 87	100	91⅝	92⅛	−0¼	0	9.88
Japan Dev. Bk. 7¾ 87	100	89	89⅜	−0⅛	+0⅜	10.01
Kobe City of 8 90	100	87½	88¼	+0⅛	+0½	10.12
Midland Int. Fin. 8½ 90	180	89⅜	90⅛	+0⅛	+0⅛	10.25
Nuclebras 9¾ 88	100	89⅜	90⅛	+0¼	+3	11.88
OKB 8¾ 92	150	86¼	87½	−0⅛	+0⅛	10.26
Oslo, City of 8¾ 90	80	91⅞	92⅜	0	−0⅛	10.12
Venezuela, R. of 9¾ 90	150	94¼	94⅞	−0⅛	+0⅞	10.69
World Bank 8 90	700	86¼	86⅞	0	0	10.36
World Bank 10 86	150	100⅞	101⅜	−0⅛	−0½	9.64

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†96	96½	−0⅛	−0¼	7.04
BFCE 6½ 91	100	95	95¾	−1⅛	−1⅛	7.21
Bayer Int. Fin. 5¾ 92	100	91⅛	91⅜	+0⅜	+0½	6.35
Bergen, City of 6¾ 91	40	†100	100½	0	+0¼	6.71
Bhrmn.-Tetterode 7 90	40	100	100½	0	+0¼	6.96
CECA 6¾ 91	80	97	97¼	0	−0⅛	7.18
Denmark 5¾ 90	80	87⅜	88	−0⅛	−2	7.67
Dome Petroleum 5¾ 91	100	95⅜	95⅞	+0⅛	+0⅜	6.35
Elet. de France 5¼ 90	100	†91	91½	−0¼	−0¼	6.54
Eurofima 5¾ 92	80	†98½	99½	0	+0¼	5.87
F. G. H. Hypo. Bk. 6 90	50	94¾	95	0	0	6.78
Finland, Rep. of 5¾ 90	80	88	88¼	−0⅛	−1½	7.46
Franc. Petroles 6½ 91	80	97½	97¾	+0⅛	−0⅞	6.85
Genstar 7 91	100	102⅜	102⅞	+0¼	−1⅛	6.61
Int.-Amer. Dv. Bk 7 91	100	99	99¼	−0⅛	−0⅛	7.12
Japan Dev. Bank 5¾ 90	100	94¼	94½	−0⅜	−0½	6.56
Mt. Blanc Tunnel 5½ 90	60	89½	90⅛	+0⅜	−0⅛	7.03
Newag 5¾ 90	80	92¼	92⅜	0	−0⅛	6.94
OKB 7 93	100	99⅜	99⅞	−0⅛	−0⅛	7.03
Oslo, City of 5⅞ 90	80	92¾	93¼	+1⅛	+0⅞	6.92
Philips Lamps 5¼ 92	100	90	90¼	+0⅛	+0⅛	6.53
Swed. Ex. Cred. 7¼ 91	75	97	97½	+0½	−0⅜	7.65
Trade Dev. Fin. 6½ 90	50	†90	91	−0⅛	−1½	7.59
Voest-Alpine 5¾ 90	80	90	90½	−0⅛	−0⅛	7.23
World Bank 6 91	100	92⅞	93⅛	−0⅛	−1	7.02
World Bank 7 90	100	†100½	100⅜	+0⅛	−0⅛	6.90

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	97⅜	98⅛	+0⅛	−0⅛	8.53
Australia 6½ 88	20	85½	86½	+0⅛	+0⅛	9.35
EIB 7¾ 89	12	91½	92½	−0¼	−0½	9.18
Finland 5.6 83	10	91⅛	92⅛	−0⅛	−0⅛	9.86
Finland 6.8 83	10	85½	86½	0	−0⅛	9.68
Finland, Rep. of 8½ 87	15	97½	98½	−0⅛	−0⅛	8.82

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	86½	87½	0	0	14.42
CIBC 13½ 85 C$	60	93⅜	94⅜	−0⅛	−0¼	15.60
CIBC 11½ 85 C$	60	86⅜	87¼	0	−0⅛	16.24
Federal Dev. 11½ 90 C$	60	†80	81	0	−0⅛	15.68
Fst. Can. Inv. 10 84 C$	50	†85	86	−0⅛	−0½	16.78
R. Bk. Canada 10 86 C$	40	88	89	0	−0⅛	13.35
Tordom Cpn. 13½ 85 C$	30	†94	95	0	−0⅛	15.45

(continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	86	87¼	0	−0¾	11.23
SOFTE 8¾ 89 EUA	40	86¾	88	0	−0¼	10.71
U. Bk. Nwy. 9½ 90 EUA	18	94¼	95½	0	0	10.41
Algemene Bk. 10¾ 86 Fl	60	94½	95¼	0	−0⅜	11.70
Amro Bank 12 86 Fl	75	100⅛	100⅝	+0⅛	+0⅛	11.83
Heineken NV 10 87 Fl	100	93⅛	93⅝	+0½	+0⅛	11.59
Nat. Nedrlndn. 10 88 Fl	60	95	95⅞	0	+0⅜	11.03
Ned. Midd. Bk. 10 85 Fl	75	93⅝	94⅛	+0⅝	+0⅛	11.87
Pierson 10¾ 86 Fl	50	93⅛	93⅝	0	−0⅛	12.16
Rabobank 12 86 Fl	50	100	100½	+0¾	+0⅛	11.92
Air France 14½ 86 FFr	200	92	93	−0⅛	+0⅜	16.85
Bk. America 14½ 86 FFr	250	90¼	91¼	0	+0⅜	17.48
Charb'nages 13⅞ 85 FFr	400	89⅛	90⅛	−0⅛	+1	17.23
EIB 14¼ 88 FFr	300	87⅛	88⅛	0	0	17.30
La Redoute 14¾ 85 FFr	125	86⅛	87⅛	0	+0⅛	18.88
OKB 14 86 FFr	400	92	93	0	+0⅞	16.35
Solvay et C. 14¾ 86 FFr	200	95⅛	96⅛	−0⅛	+0¼	15.99
Swed. E. Cr. 14¾ 88 FFr	250	88¼	89¼	+0⅛	+0¼	18.29
U. Mex. Sts. 14 85 FFr	150	89½	90½	−0¼	+0⅛	17.73
Acena 14 85 £	20	92⅞	93⅞	−0⅛	−0¼	16.13
Beneficial 14¼ 90 £	20	85½	86½	−0¼	−1¼	17.33
BNP 13½ 91 £	15	87⅛	88⅛	0	−2	16.01
CECA 13½ 88 £	20	88	88¾	−1½	−3⅛	16.29
Citicorp O/S 13½ 90 £	50	93⅛	93⅞	−0⅛	−0½	14.84
Fin. Ex. Cred. 13¾ 86 £	15	91⅛	92⅛	−0⅛	−1⅛	16.20
Gen. Elec. Co. 12½ 89 £	50	86⅞	87⅞	−0⅛	−1	16.37
Hiram Walker 14¾ 86 £	25	93⅛	94⅛	−0⅛	−1⅛	16.21
Privatbanken 14½ 88 £	12	91	91¾	−0⅛	−0⅛	16.67
Rothschild 14⅛ 90 £	12	93½	93⅞	−0⅛	−0⅛	15.61
Royal Trustco 14 86 £	12	92⅛	93⅛	−1⅞	−2¾	16.18
Swed. Ex. Cr. 13¾ 86 £	20	91⅛	92⅛	−1⅛	−1⅞	16.25
Akzo 9¾ 87 LuxFr	500	89⅛	90⅛	0	−0½	11.58
Euratom 9¾ 88 LuxFr	500	84⅜	85⅛	−0⅛	−0⅞	13.34
Eurofima 10½ 87 LuxFr	500	90	91	0	−0⅛	12.76
EIB 9¾ 88 LuxFr	600	87½	88½	0	−0⅛	12.51
Volvo 9¾ 87 LuxFr	500	85⅞	86⅞	−0⅛	−0¼	12.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98¾	99¼	18/12	16⅝	16.92
Bank of Tokyo 5¼ 88	‡0⅛	98⅝	99⅛	25/7	16½	16.59
BBL Int. 5 86	0¼	99⅝	100⅛	20/11	18.31	18.34
BNP 5½ 88	‡0⅛	98⅞	99⅜	29/7	16.44	16.58
CNT 5¾ 86	§0¼	99⅛	99⅝	16/10	16.81	16.92
Christiania Bk. 5½ 91	‡0¼	97¾	98¼	5/8	17.31	17.67
Citicorp O/S Fin. 84	‡0	98⅞	99⅜	29/7	18.68	18.85
C. Itoh 5¾ 87	0¼	98½	99	18/9	15.44	15.68
Co-operative Bk. 6 86	0¼	99½	100	15/11	19.56	19.61
Den Norske Credit 6 90	‡0¼	98½	99	5/8	17.31	17.53
Genfinance 5¼ 87	0¼	98⅞	99⅜	30/10	16.94	17.09
Genfinance 5¼ 92	0¼	98⅞	99⅜	30/12	18.31	18.47
Giro und Bank 5¾ 91	‡0¼	98¾	99¼	23/9	19.06	19.28
GZB 5½ 89	‡0¼	98⅝	98⅞	1/8	17.31	17.55
GZB 5¾ 92	‡0¼	98¼	98¾	5/9	17⅛	17.51
Ind. Bank Japan 5¾ 87	0¼	99⅛	99⅝	15/10	17.06	17.17
Ind. Bank Japan 5¾ 88	0¼	98⅛	98⅝	9/10	16.44	16.62
Lloyds Eurofin 8 90 £	0¼	97	97½	6/1	13⅝	14.01
Lloyds Eurofin 5¾ 92	0¼	98⅝	99⅛	4/12	17.44	17.64
LTCB Japan 5¼ 86	0¼	99½	100	13/12	17⅛	17.39
Man. Hanov. O/S 5¾ 94	‡0¼	99⅛	99⅝	30/8	19.06	19.16
Merrill Lynch O/S 87	0¼	99⅞	100⅜	7/8	20.44	20.41
Midland Int. Fin. 5¼ 92	0¼	98¾	99¼	5/12	17⅛	17.55
Midland Int. Fin. 9 91	0¼	98	98½	30/10	16.81	17.11
Nacional Fin. 6¼ 86	0¼	98¼	99¼	25/7	17¾	17.93
Nacional Fin. 5¾ 88	0⅞	96⅜	97⅛	25/9	14⅞	15.35
Nat. Bk. Canada 5¼ 88	0¼	97⅜	98⅛	24/9	14½	14.80
Nat. West 5¼ 94	§0¼	97⅜	98¼	14/10	16.19	16.57
Nat. West. 5¼ 92	§0⅛	98	98½	23/10	16.81	17.11
Pemex 5 91	0¼	96⅜	97⅛	8/10	15.31	15.79
Sparebanken 6 87	0¼	98	98½	19/12	16.81	17.11
Standard Chart. 5¼ 90	0¼	98⅛	98⅝	3/9	17.06	17.27
Svenska Hndlsbk. 5 87	0¼	99⅜	99⅞	15/7	17.81	17.92

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	100	101	+0⅛	1.70
Bow Valley Inv. 8 95	4/81	23.12	112½	114¼	+6	4.65
Canon 6¾ 95	1/81	829	188	189¾	+6⅛	5.87
Credit Suisse 4¾ 93	10/79	1236	79¾	81	+0⅛	−3.46
Digicon Fin. 8½ 95	10/81	29.5	96⅜	97⅜	−0½	10.57
Fujitsu 5½ 96	7/81	732	109⅜	110⅜	+1⅛	9.16
Furukawa Elec. 5¾ 96	7/81	300	106½	107½	+3⅛	1.71
Hanson O/S Fin. 9½ 96	8/81	2.74	89½	91	−2	−0.61
Ina Overseas 8¾ 2000	4/81	42	104¼	105¾	+0⅛	1.05
Inchcape 8 95	2/81	4.55	66⅛	68⅛	−3	−1.00
Kotobukiya Co 7 96	4/81	619	†93½	95	+1½	−1.84
Marion Int. Fin. 8 95	12/80	15.5	76⅛	77⅛	+0½	19.35
Marui 6 96	7/81	931	102⅞	103⅞	−0⅞	−0.69
Matsushita El 7½ 95	11/80	590	99⅜	100⅜	−1½	−0.53
NKK 6½ 95	7/81	188	111⅛	112⅛	+0⅛	16.38
Ricoh 6¾ 95	8/80	604	167⅛	168⅝	+6⅛	−1.85
Sumitomo M. Ind. 7 95	2/81	181	145⅛	146⅛	0	−0.49
Swiss Bk. Cpn. 6¾ 90	9/80	200	74	76	±0½	33.16
Taylor Woodrow 8¾ 90	1/81	4.94	90⅜	91⅞	−0⅜	2.86
Transco Int. 8¾ 95	2/81	68	79	80½	+0⅛	40.86
Tricorp 8½ 95	12/80	31.25	78¼	79¾	+0⅛	15.80
Union Bk. Switz. 5 89	2/80	70.79	72½	74⅛	−0⅛	5.06
Sharp Cpn. 6½ 88 DM	9/80	595	211½	212⅜	+4⅞	0.84
Uny Co. 6½ 85 DM	11/79	879.3	122⅞	123⅜	+0⅛	−2.59

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units, except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

In the first of an occasional series on foreign corporate investments in the U.S., **William Dullforce** in Stockholm looks at a success story for a Swedish electrical appliances group

Eureka sweeps clean for Electrolux

ELECTROLUX, the Swedish household appliances group, looks back with satisfaction to its acquisition of National Union Electric Corporation (NUE) in the U.S. in 1974. For a purchase price of close to $60m it has received in the five years from 1976 a dividend income of $40m, on which it has paid only a 5 per cent withholding tax.

Through its acquisition of NUE it got a share of the U.S. vacuum cleaner market with a respected brand name, Eureka, and fulfilled the dictum of Mr Hans Werthen, the Electrolux chairman, that a successful appliances group must have a dominating share of the world market.

Trade secrecy inhibits Electrolux from revealing its exact market share, but the Swedish group claims to be one of the two biggest in the vacuum cleaner business, the other being Hoover. "We can also say that through NUE we are one of the two biggest in the U.S.", says Mr Harry Eriksson, the deputy managing director in charge of finance and the man who piloted the NUE deal.

Electrolux believes that it has increased NUE's market share since the takeover. In 1974 NUE's sales were given as the equivalent of SKr 619m: last year its sales were SKr 1.2bn, or $275m at the exchange rate prevailing at the end of the year.

These figures include NUE's modest sales of air conditioners and plastic components, but to illustrate the importance of Electrolux's 1974 investment it can be noted that on a declining world market last year the Swedish group sold 5.3m vacuum cleaners and floor polishers with a value of slightly less than SKr 3bn.

It can be safely deduced that it was the NUE purchase which brought Electrolux into contention with Hoover for the world leadership in the vacuum cleaner business, a position of challenge which was strengthened by Electrolux's acquisition this year of Elektrogerate Mauz & Pfeiffer of Stuttgart, one of the largest West German vacuum cleaner manufacturers.

No earnings breakdown is available for the vacuum cleaner operation but the household appliances sector as a whole, which accounted for 46.6 per cent of Electrolux's total sales of SKr 22.9bn last year, contributed 51 per cent of the SKr 1.73bn group operating profit. Since 1972, when Electrolux began a series of domestic and overseas takeovers, sales have climbed from SKr 2.5bn and the balance sheet total from SKr 2.2bn to SKr 17.8bn.

NUE was profitable when Electrolux took over, but, according to Mr Eriksson, the Swedes have managed to improve the return on capital.

In other words the investment in NUE has been a success.

This is an encouragement for other Swedish companies which have followed the fashion by moving into the U.S. over the past year. In 1980 Swedish groups invested SKr 1.2bn in the U.S.

Electrolux's purchase of NUE has its own particular background. In the 1950s and 1960s an Electrolux Corporation existed in the U.S. but was owned by Mr Axel Wenner-Gren, the Swedish innovator and financier.

The management of Swedish Electrolux eventually obtained 38 per cent of the share capital of the U.S. company but in 1968 it was sold to Consolidated Foods of Chicago, along with the right to use the Electrolux name for vacuum cleaners sold in the U.S.

By the early 1970s with Mr Werthen in charge, Electrolux decided that it could not afford to be cut out of the U.S. market.

CALENDAR OF ACQUISITIONS

1973: Facit (Sweden—calculating machines).

1974: National Union Electric (U.S.—vacuum cleaners).

1976: Martin Group (France—ovens, washing machines, dishwashers); Tornado (France—vacuum cleaners).

1978: Therma (Switzerland—kitchen ovens, hot water equipment); Husqvarna (Sweden—kitchen equipment, sewing machines, motor saws); Tappan (U.S.—gas ovens, kitchen and bathroom appliances).

1980: Granges (Sweden—metals, engineering and power plants):

1981: Hugin (Sweden—calculating machines, vacuum cleaners); Progress (West Germany—vacuum cleaners).

It had the alternatives of a costly exercise of starting from scratch and selling its cleaners under a different name, or acquiring a sales organisation and a company with a reputable name.

The opportunity arose in late 1973 when the main shareholder in NUE died and his estate, which held 35 per cent of the NUE stock, had to sell in order to meet death duties and other taxes.

Originally Electrolux decided to make a tender offer for 51 per cent of the NUE shares but under U.S. rules such an offer would have had to be put to all the shareholders.

Electrolux looked in vain for a partner but finally persuaded the Swedish Riksbank (central bank) to let it bid for the total NUE stock. An offer of $28 a share brought in more than 90 per cent of shares and the rest was obtained by statutory merger in 1975.

Under Riksbank regulations Swedish companies' foreign investments have to be financed from funds raised abroad. As part of the deal allowing it to bid for the total NUE stock Electrolux raised a $54m short-term multi-currency loan, but undertook not to repay the loan for 15 years.

Mr Eriksson admits to "embarrassment" at the interest rate of more than 14 per cent which Electrolux had to pay on the original loan but "we were short of time and it was not the right moment for a long-term credit."

Mr Eriksson was able to switch the loan and obtain a lower rate shortly afterwards but has continued to borrow and switch short-term. At the same time $5m has been repaid with Riksbank consent.

Electrolux has not needed to inject new share capital into NUE but has had to increase the company's borrowing to keep pace with inflation. This has been achieved through a mixture of bank loans and commercial paper issues.

Mr Eriksson regards the U.S. commercial paper market as a highly beneficial financing instrument for foreign concerns with U.S. subsidiaries, particularly as it carries lower instrument for foreign con- from the bank. Electrolux obtained its credit rating and made its first issue of commercial paper in 1978.

Mr Eriksson's other advice for companies seeking takeover opportunities in the U.S. is to get a good law firm. U.S. business regulations differ considerably from those prevailing in Europe and they can vary from state to state.


Mr. Hans Werthén, chairman of Electrolux.

He emphasises the importance of checking through U.S. lawyers that anti-trust legislation will not be breached, and that such inquiries be made before any deal is finalised.

The vacuum cleaners sold by NUE under their Eureka brand differ from the Electrolux cleaners sold in Europe. NUE has its own models designed to suit American tastes and regulations. An accurate assessment of the peculiarities of the American market is an essential ingredient of a successful investment in the U.S., Mr Eriksson underlines.

In principle Electrolux could exploit the NUE sales organisation to market imported products but in practice differences in voltage and safety requirements inhibit imports.

Lastly, Mr Eriksson would advise foreign investors to go for a friendly takeover on the grounds that the path to success is smoothed if you have the U.S. management on your side. Consequently, he believes the investor should think hard before importing a new man from the parent company to take charge. He should at least be a man with many years' experience of U.S. business.

Electrolux was lucky in that they found NUE's management philosophy and accounting system to be very similar to its own. Few changes in the top management were made and control mainly has been exercised through the board.

Mr Gösta Bystedt, Electrolux's managing director, became president of NUE (with the former president promoted to board chairman) but NUE's three divisions — vacuum cleaners, air conditioners and plastic components — all have U.S. presidents promoted from within the concern.

The NUE board consists of four Swedes from Electrolux's small headquarters staff in Stockholm and three Americans—the chairman, a lawyer and the president of Tappan, a U.S. manufacturer of ovens and other kitchen equipment which Electrolux bought in 1978. The board reduced its meetings from four to three a year immediately after the takeover.

Demand stalemate suggests reduced profits at Flick

BY ROGER BOYES IN BONN

FRIEDRICH FLICK, the industrial group which is one of West Germany's largest family businesses, is smarting under the European recession.

The highly diversified group is the victim of a chain of cyclical and structural problems, ranging from poor demand for steel to the effect of high interest rates on building activity, from the limp state of the motor industry to the soaring costs of energy, raw materials and labour.

Even so, Flick has a number of particularly efficient divisions that are managing to weather the storm and it is gleaning considerable benefit from its non-consolidated affiliates, especially W. R. Grace of the U.S. which in terms of profit growth regularly out-performs the German group.

Dr Friedrich Karl Flick, chairman, said in presenting the 1980 results that 1981 would see sales broadly maintained. The Flick subsidiary, Krauss Maffei—as a defence contractor its turnover traditionally takes on a feast or famine quality—will see sales drop by 34 per cent, braking overall group turnover growth. Excluding Maffei, sales would probably have grown by some 6 per cent this year, thanks almost entirely to export markets.

Earnings, however, will not keep pace with sales. "We see no reason," said Dr Flick, "to expect a similar growth or in fact any growth at all in the profits of our domestic consolidated companies. A critical analysis shows that we even have to be prepared for a decline."

In 1980 net profits dropped by 5 per cent to DM 78m ($31.5m) while turnover eased by 3.6 per cent to DM 8.4bn. Again, excluding the effects of Maffei, overall group sales would have risen by a steady 3.7 per cent.

The earnings decline in 1981, Dr Flick explained, was largely attributable to rising costs—partly because of the high interest rates, partly because of the extreme tightness of the markets in which Flick operates.

"The structure of the markets that are of crucial importance to our companies and the fight for market shares either no longer permit us to pass additional costs on in higher prices at all or, if so, only to a very small extent."

The group notched up sales of DM 3.9bn in the first six months of 1981. This breaks down as:

● Buderous sales to Dm 745m, 6 per cent down against the first half last year, partly because of a slump in orders from private building and civil engineering projects. Buderus also supplies to the motor industry and suffered, accordingly, though demand is strong for iron castings and non-ferrous metal castings.

● Krauss Maffei is being depressed not only because of the dearth on the military side—the production of Leopard anti-aircraft tanks was phased out last year—but also as a result of poor performances in the transport sector. Sales have been halved to DM 414m in the first half.

● Dynamit Nobel recorded sales of DM 1.3bn in the first six months and thus maintained last year's level.

● Feldmuehle, the paper producer, saw sales rise by 10 per cent in the first six months to reach DM 1.1bn, the result of a particularly good export performance.

Major Spanish bank collapse

BY ROBERT GRAHAM IN MADRID

THE SPANISH banking authorities are contemplating a rescue of Banco Occidental and its affiliate Commercial Occidental which between them have total deposits of more than $600m. This is the biggest bank collapse so far in Spain.

The troubled Italian bank, Ambrosiana, headed by Sr Roberto Calvi, has a 10.4 per cent stake in Occidental and Sr Calvi is on the Board. A Luxembourg investment company of Occidental, Cogebel, is also believed to have an interest in Ambrosiana.

Occidental is headed by Sr Gregorio Diego Jimenez, who, with his family and family foundations, possesses majority control. The Spanish banking authorities have now purchased 51 per cent of Occidental for a nominal Pta 1.

Occidental, with capital and reserves of Pta 7bn ($71m), is the 19th biggest bank in Spain. It owns more than 100 companies, mainly involved in property; and employs 6,300. It also has a small bank in Puerto Rico. The property interests include hotels, including the Miguel Angel in Madrid. Occidental has 114 branches and Commercial Occidental two.

Occidental has been under the close scrutiny of the Bank of Spain for some time. For the past two years it has not paid a dividend.

The Spanish banking authorities will help to provide finance to refloat the bank while its administration is maintained by the Corporacion Bancaria, the so-called bank hospital. It is thought likely that by capital write downs and selling industrial holdings, net losses will be limited to a maximum of Pta 9bn ($92m).

The biggest previous bank rescue operation involved Banco de Madrid and its subsidiary, Cadesbank. Since 1978 almost 20 Spanish banks have either collapsed or required substantial assistance.

Esso AG to pull down refinery

ESSO AG, the West German subsidiary of Exxon of the U.S. is currently incurring losses of DM 70 on each ton of crude oil processed and plans to pull down one of its four refineries.

The company said it ran up losses totalling DM 360m ($146m) on these operations in the first half of 1981—the average loss was DM 50 a ton—and that it was to close a refinery because it saw a permanent decline in oil product consumption in Germany. This decline made the current level of capacity unnecessary.

The move is in line with the general trend of cutting back in the German oil industry, which has seen all major groups incurring losses on these operations with plants running at low capacity. Last summer some refineries were temporarily closed or production was cut sharply as a result of a glut of oil products.

Herr Wolfgang Oehme, the chairman of Esso AG, said yesterday he believed that around a third of Germany's more than 150m tons of refinery capacity was superfluous and could be taken out of production or dismantled.

Esso has four refineries in Germany with a capacity of 24.2m tons a year, but the company did not say which of the sites—at Hamburg, Cologne, Ingolstadt and Karlsruhe—would be torn down.

As a reflection of the depression in the oil products markets in Germany, Esso's deliveries of light heating oil in the first half of 1981 were down by 20 per cent, heavy heating oil was off 25 per cent and petrol deliveries by 5 per cent. For all of 1980 deliveries of oil products were down by 12.1 per cent to 16.7m tons.

At the same time as announcing the closure plans Esso said it was planning to raise capital spending for 1981 to DM 675m from the DM 506m level of 1980.

Herr Oehme also said that while the refining activities were in loss for the half year, overall the group result was "positive" in the first half. However, he declined to forecast a total result for the year because of the uncertainty in the oil market and the strength of the dollar.

In 1980 Esso reported net earnings up from DM 408m to DM 430m despite average losses on petroleum processing of DM 3 a ton for the year.

Triumph-Adler falls heavily into the red

By Our Bonn Correspondent

TRIUMPH-ADLER, the computer and office equipment subsidiary of Volkswagen, plunged DM 79m ($31.9m) into the red last year, after recording a net profit of DM 19m in 1979.

Main reasons were the heavy investment involved in extending the sales organisation and in developing and launching new products.

As previously reported, the company boosted overall sales by one third last year to DM 1.6bn—an increase partly accounted for by the takeover of Pertec Computer Corporation of Los Angeles.

TDB heads bank league

By John Wicks in Zurich

THE GENEVA-BASED Trade Development Bank (TDB) last year remained the biggest foreign-owned banking operation in Switzerland, according to a list drawn up by Banca del Gottardo of Lugano.

The list shows that Trade Development Bank had a balance sheet total of SwFr 4.2bn ($1.99bn) at the end of last year.

Van Gelder plans to seek suspension of payments

BY MICHAEL VAN OS IN AMSTERDAM

VAN GELDER, the loss making paper group, will file for permission to suspend payments to creditors.

The decision follows last month's move by the Government not to furnish Fl 80m ($29m) of guarantees to Van Gelder, which is no longer able to finance its drastic restructuring programme.

In recent months Van Gelder has been selling subsidiaries and trying to close unprofitable plants, in the face of strong union opposition. It is understood that the Government holds out very little hope for the group and is not eager to inject more public money into the company.

Van Gelder employs around 2,500. It has still not published its results for 1980, which are expected to show heavy losses.

The company is 50 per cent owned by the U.S. paper group, Crown Zellerbach, which last year wrote off its investment.

● Naarden International, the Dutch flavours and fragrance company, said that its first half results, to be published in early September, will show considerably better earnings than had been expected.

In the first six months of 1980, the company reported a net profit of Fl 3.5m ($1.27m), more than double that of a year earlier.

Increased profit at Quelle group

BY STEWART FLEMING IN FRANKFURT

SCHICKEDANZ, the group which includes Quelle, Europe's largest mail order group, increased profits after tax from DM 118.2m to DM 127.7m ($52m) in the year ended January 1981.

But it is clear that the company is facing a difficult period currently at a time when retail sales in Germany are weak. It expects its price increases in the current year to fall below the rate of inflation.

Last year sales revenues in the retail operations increased by 9.2 per cent to DM 8.6bn.

Sharp gain at National Bank of Bahrain

By Mary Frings in Bahrain

A HALF-YEAR profit of Bd 3.22m ($8.6m) is announced by the National Bank of Bahrain, an increase of 33.3 per cent on last year's corresponding returns and close to the profit for the whole of 1979. The results are consolidated with those of the offshore banking unit which became operational this year.

Assets, excluding contra accounts, amounted to Bd 326m ($867m), 34 per cent higher than a year ago. The average return on assets, on an annual basis, works out at about 2 per cent. Loans, advances and ovedrafts increased on average by only 11 per cent over the first half of 1980.

General manager Nooruddin A. Nooruddin said the 39 per cent increase in total customer deposits to Bd 177m gave a much healthier ratio of loans to deposits. At June 1980, loans amounted to 99.2 per cent of deposits, but now the percentage is 75.7.

At least 75 per cent of the Bd 124m in customer time deposits is in Bahrain dinars, a small percentage in Saudi riyals and the rest in U.S. dollars.

Orient Leasing to offer $30m of debentures

NEW YORK—Orient Leasing, the Tokyo-based group, plans to offer $30m of 15-year convertible subordinated debentures. In the U.S. it has filed with the Securities and Exchange Commission for the offering.

Goldman Sachs and others will act as underwriting group manager but the date and terms of the offer have yet to be determined. But the debentures are expected to mature September 30, 1996.

The proceeds will be made available to foreign subsidiaries, mainly to buy ships that they will lease. The Tokyo company's principal business is the leasing of various types of transportation, office, industrial, retailing and other equipment.

Orient Leasing has issued bonds overseas, generally on the Eurodollar market, eight times, including two offerings of sterling-denominated bonds.
Agencies.

Scrip issues at MUI offshoots

By Wong Sulong in Kuala Lumpur

MAJOR SCRIP issues are announced by Pan Malaysian Cement Works and Pan Malaysia Rubber Industries, two companies under the fast-expanding Malayan United Industries (MUI) group.

PMCW is capitalising 43.8m ringgit, and PMRI 15m ringgit from their capital reserve and revenue accounts to make scrip issues of two-for-one and three-for-two respectively.

MUI holds a 45 per cent stake in PMCW, which in turn holds 62 per cent of PMRI. All three companies are quoted on the Malaysian and Singapore exchanges.

For the year ended March, PMCW reported an after-tax profit of 8m ringgit ($3.4m) which was a 23 per cent increase over the previous year's figure. PMRI's net profit was 5.4m ringgit, or a 12 per cent increase.

The final dividend for PMCW is 10 per cent and for PMRI 15 per cent, making unchanged totals of 15 per cent and 25 per cent respectively.

Esso-BHP allot A$160m for Bass Strait project

BY OUR SYDNEY CORRESPONDENT

ESSO-BHP, partners in Australia's largest oil field in the Bass Strait will spend A$160m (U.S.$180m) on 30 oil and gas wells in a major exploration drive in the Gippsland basin over the next three-and-a-half years.

The programme will mark the partners' first gas exploration effort in the area for more than 10 years, but the main emphasis will still be on oil. Ten of the wells will be drilled in 1981-82 at a cost of A$55m and the remaining 20 wells are planned for a heavy exploration programme in 1983-84.

The work is likely to split equally into 15 wildcat wells and 15 wells delineating known areas, but the latter still are regarded as exploration wells rather than field development wells.

BHP will pay 50 per cent of the cost of wells drilled in licence areas but the burden of exploration costs will fall on Esso. It is expected at this stage that the final split of costs will be 66 per cent to Esso and the remaining 33 per cent to BHP.

The partners are said to feel that the opening of their relinquished exploration areas in the Gippsland Basin to other consortia in the latest permit round—the results of which were announced last week—warrants Esso and BHP adopting a higher profile in their exploration effort.

They have not previously been inclined to reveal details of planned exploration programmes and costs because of their politically-exposed position as operators of Australia's only large-scale oil enterprise. But the arrival of new consortia with big spending plans for exploration in their relinquished areas—and the partners' failure to regain an exploration permit in the latest round has changed this.

Drilling in the new programme will start next week if the Southern Cross leaves its present anchorage at Portland, Victoria tomorrow as planned.

U.S. group cuts stake in Containers of Australia

BY OUR FINANCIAL STAFF

THE A$196m (US$225m) takeover of Containers, the Australian packaging group, this spring by Australian Paper Manufacturers, has been followed by Continental Group, the U.S. packaging concern, selling APM an 8.4 per cent stake in Containers for A$18m.

This reduces Continental's interest in Containers to 20 per cent. Part of the A$18m consideration, Continental said, lay in 3.8m APM shares. APM, it added, had requested that Continental remain as an equity and technical partner in the group.

The Containers directors accepted the APM bid valuing the company at A$196m in April.

● The Commercial Banking Company of Sydney (CBC) is to pay shareholders a 16.5 cents a share dividend before its proposed merger with National Bank of Australasia, Mr Robert Chrichton-Brown, CBC's chairman, said yesterday, Reuter reports from Sydney.

The dividend will comprise an 11 cents final payment for 1980-81 to end-June and 5.5 cents for the period between July 1 and the effective merger date, expected to be October 1.

The 11 cents dividend compares with the 10 cents final payment in 1979-80 and brings the total 1980-81 payment to 22 cents a share against 19 cents the previous year.

Under the merger terms, National is offering two shares plus A$1.75 cash for each CBC share and note worth around A$446m (U.S.$509m).

Profit payout by Chinese venture group

PEKING — China's biggest joint venture company, China Schindler Elevator, has announced that its foreign partners will get a net profit of $900,000, 23 per cent of their total investment, in its first year of business, according to the New China News Agency.

The company had made a net profit of about $4m, of which 10 per cent would be deducted for workers' bonuses and welfare, and the balance distributed to participants in proportion to their investments.

China Schindler has been jointly operated by China Construction Machinery, Swiss Schindler Holdings, and Jardine Schindler (Far East) Holdings since July 5 last year and has a total staff of 2,000.

The two foreign companies have a $4m investment in the company, or 25 per cent of its total capital. The foreign partners are also to receive $500,000 for the transfer of technology and expertise.
Reuter

Carrian to consolidate

BY ADRIAN BOVEN IN HONG KONG

CARRIAN INVESTMENTS, one of the most actively expanding companies listed on the Hong Kong stock market, expects to concentrate this year on consolidating on the basis of recent acquisitions, the company says in the annual report.

Carrian reported in May profits for the nine months to December 31 of HK$461.8m (US$84m), compared with HK$321.3m for the year to March 31, 1980. In the nine months it made a pre-tax profit of HK$680m, its 75 per cent interest in the sale of Gamhon House, now re-named Bank of America Tower, taken in January, 1980.

It also purchased nine ships, signed contracts for construction of six more, and took a 49 per cent stake in an Oakland, California development planned to yield 2.7m square feet of commercial and residential space on completion.

In addition, Carrian bought 25 per cent of a major Thai hotel company, Rama Tower, and 21.8 per cent of Nikkatsu Corporation, a quoted Japanese company active in film and leisure activities.

Bergesen makes headway

By Our Oslo Staff

BERGESEN, the Norwegian shipping group, reports pre-tax profits of NKr 105.9m ($17.3m) for the first four months of 1981 compared with NKr 81.2m for the same 1980 period. The group expects that the result for the whole of 1981 will be better than 1980 "if nothing unforseen happens."

The 1980 pre-tax result was around NKr 200m after special adjustments.

Volkskas sets terms for Bank OVS deal

BY JIM JONES IN JOHANNESBURG

VOLKSKAS, South Africa's fourth largest banking group, is making its bid for the capital of the Bank of the Orange Free State (Bank OVS), announced on Monday, on the basis of one new Volkskas share for eight Bank OVS. Bank OVS has a market capitalisation in the region of R10m ($11.5m), against Volkska's R155m.

Bank OVS has 13.9m ordinary shares in issue, while Volkskas has 28m. The offer is subject to acceptances representing at least 90 per cent of the Bank OVS equity. Shareholders owning about 38 per cent, including the 29 per cent held by Rentmeesterbeleggings, the investment company, have signified acceptance of the offer. Approval of the offer has been given by the Registrar of Banks.

The acquisition of Bank OVS will give Volkskas an entry into the hire purchase field, an activity in which it has lagged behind the country's other major banking groups.

SWISS BANKING

Concern at fiduciary growth

BY JOHN WICKS IN ZURICH

SINCE THE beginning of last year the Swiss banking system has experienced an unprecedented growth in its so-called fiduciary accounts. These are funds entrusted to a bank for discretionary investment, mainly on the Euromarket, at the client's own risk. With a commission rate averaging about 0.5 per cent charged on the business, which does not figure in a bank's balance sheet, Swiss banks are earning around SwFr 750m from this source annually.

After a 63 per cent growth in fiduciary transactions in 1980—which itself came on top of a 43 per cent increase in 1979—fiduciary deposits in Swiss banks continued to rise in the first quarter of this year to a level of SwFr 148.9bn ($71.93bn). The net position of the Swiss banks in their fiduciary business at the same time rose to SwFr 27.1bn.

One reason for the sharp rise in this sector has been the *increased amount* of petro-money seeking a home. A substantial share of surpluses from the *Organisation of* Petroleum Exporting Countries has for years been channelled through Swiss banks into relatively high-yielding investments in the Euromarkets. Growing use has been made of fiduciary accounts by other foreign customers attracted by Switzerland's reputation for reliability and discretion, while domestic Swiss investors have also been much keener to engage in trustee business since high U.S. interest rates have made the dollar strong against the Swiss franc, adding the prospect of a foreign exchange gain to the attractions of rates *far higher than can be had at* home.

Yet in recent months the Swiss banks' *profitable new line* of business has provoked a number of strong—and not uniformly friendly—reactions.

Dr Fritz Leutwiler, president of the National Bank, has several times expressed concern at the sharp expansion of fiduciary accounts, which in the case of individual banks equalled several times their balance sheet totals. While the accounts are theoretically entirely the responsibility of the client, Dr Leutwiler said he was convinced that the risk to the banks themselves was "not nil."

Dr. Leutwiler elaborated on this in a speech to foreign bankers in Berne last month. In the case of a defaulting debtor, he said, Swiss banks could hardly transfer the onus of a claim to their clients; this would mean direct contact between the customer and the foreign debtor and would be detrimental to Switzerland's reputation as a secure and discreet turntable for investment money.

Apart from this, situations could arise in which a bank would assume at least part of the responsibility to save face in the event of major losses.

In his Berne speech, Dr Leutwiler—who is clearly worried at the rate of growth and overall volume of fiduciary accounts, even if these do not prejudice the aims of the National Bank's monetary policy—commented drily that if banks took as much care with this business as they do with loans reflected in their balance sheets, expansion would be slower.

Almost without warning the National Council voted last month to consider a Government proposal for the introduction of a 5 per cent withholding tax on interest payable to fiduciary accounts. In January, a consultative committee of the States Council, Switzerland's upper house, had rejected the proposal, and it had been assumed that the non-Socialist majority in the lower house would ensure that the plan would be dropped.

Bankers claim that the loss of business resulting from this so-called "bank client tax" would more than offset the direct fiscal income for the Government, particularly as clients would withdraw more than their fiduciary accounts from Swiss banks. Last year, when discussion began of the withholding tax, the Swiss Bankers' Association also questioned whether it would be constitutional to tax earnings from foreign sources.

At the end of June, Dr Leutwiler again joined the fray to claim that the 5 per cent tax would hardly drive custom away. Foreigners, he said, would be prepared to pay a little more than usual in view of their "needs for security and discretion," met by investing indirectly via Switzerland.

The sharp growth in fiduciary, or trust, accounts handled by Swiss banks is causing increasing concern to the Swiss authorities, with **Dr Fritz Leutwiler** (left), head of the National Bank, one who has spoken of the risks involved. Meanwhile, the banks are worried that a withholding tax on income from fiduciary accounts proposed by parliament will drive away this and other forms of overseas business

It remains to be seen whether the tax will actually be introduced. *This could not be the* case for some time to come, even if the two houses of parliament were *eventually to decide* in favour of it. However, banks are unhappy at the turn of events, not least because a Social Democratic referendum motion on banking practice is still pending, couched in much more sweeping terms.

This does not mean that all banks are necessarily content with the continued growth of fiduciary business. Some bankers have misgivings about the rate at which its volume has been expanding, and discussions with the National Bank started last spring.

One specific worry concerns equity ratios. Since fiduciary transactions are off the balance sheet, no capital adequacy requirements apply to the Swiss bank handling them. However, the recent change to consolidated balance sheets as a basis for capital ratio calculations does lead to the *inclusion of* some business channelled through such foreign branches as those in Luxembourg.

Moreover, the increased flow of domestically owned foreign *currency and Swiss franc funds* into fiduciary accounts, documented in the latest monthly report of the National Bank, implies a further drain on new domestic deposits.

According to the Berne newspaper Der Bund, some blanks have already made their *conditions for fiduciary accounts* less attractive to ward off excess trustee funds. The newspaper reports that banks may soon work out an agreement to make it more difficult for domestic clients to set up fiduciary accounts.

A particularly important role in the fiduciary field is played by *foreign-controlled* Swiss banks. Last month the Association of Foreign Banks in Switzerland *estimated* its members' share of the business at about 40 per cent—this appears to be about equal to that of the country's big banks.

A sharp brake would, of course, be applied to overall growth in fiduciary accounts if any one of a number of developments were to occur—such as a fall in dollar rates, increased reluctance by the banks to accept domestic fiduciary *accounts, or, in the longer term*, the introduction of a withholding per cent tax.

Figures published in the National Bank's annual report show the *marked change in the composition of fiduciary* business in the past year. While investments of fiduciary assets in Switzerland *still* accounted for only SwFr 325m ($157m) of total fiduciary assets of SwFr 53.16bn ($25.68bn) in 1980—in 1979 the share was also minimal with SwFr 353m ($170.5m) out of SwFr 32.7bn ($15.8bn)—the Swiss share of fiduciary liabilities rose sharply from SwFr 6.5bn ($3.14bn) to SwFr 10.04bn ($4.85bn) over the same period.

At the same time, more Swiss francs are going into fiduciary accounts. In new 1980 business, domestic clients' Swiss-franc accounts rose from SwFr 3.11bn ($1.5bn) to SwFr 5.86bn ($2.83bn) and those of foreign customers from only SwFr 636m ($307.2m) to SwFr 5.26bn ($2.53bn).

This latter development followed the lifting of restrictions on non-residents' investments in Swiss currency.

COMPAGNIE FINANCIÈRE DE SUEZ

The Annual General Meeting of Compagnie Financière de Suez was held in Paris on June 12th. The following is a translation of the statement made by the new Chairman, Monsieur Philippe Malet, at the meeting:

You will understand the deep emotion with which I speak to you as the new Chairman of your Company; the new Chairman of a Company in mourning which has just *suffered* a great shock and *loss* in the death two weeks ago of Mr. Michel Caplain.

Mr. Michel Caplain joined the Compagnie Universelle du Canal Maritime de Suez in 1954 as General Secretary and, after the nationalisation of the Canal, he was concerned, with Mr. Jacques Georges-Picot and *Mr. Dominique de Grièges*, in the formation of Compagnie Financière de Suez. This was a difficult task, which necessitated in the late 50's a complete reorientation of your Company on the basis, principally, of its assets outside Egypt.

As Deputy General Manager and then General Manager until he succeeded Mr. Georges-Picot in 1971, he *played* at first a prominent and later a decisive part in the constitution of the Suez Group as we know it today, which itself bears eloquent testimony to his unmovable faith in the future and to his quite exceptional professional capabilities.

He was an indefatigable worker and entirely devoted to the Group. Not only did he assume at the beginning of 1979 the Chairmanship of Banque de l'Indochine et de Suez in order to ensure continuity of direction after *the departure of Mr. Jack Francès*, but he also devoted much energy outside the Group to general activities which he considered his position in our Company demanded. The very limited spare time allowed him by his professional activities was almost entirely devoted to his family.

However, in spite of the energy he displayed up to the end, he had been in a poor state of health for a long time. He made no concessions to it except when he thought that to do so would not interfere with his professional duties, that is to say very rarely. He spent himself unstintingly *in the service of our Group up to the* end.

I am well qualified to bear witness to this since I had worked close beside him since 1963.

Through this long association, what struck me most were the personal qualities of the man. His natural kindness, his desire to discuss things, always trying to win over by persuasion and doing his best to avoid imposing his ideas. He combined to perfection a wonderful intelligence with a natural simplicity which he never lost. He had many friends in all walks of life as is confirmed by the moving expressions of sympathy which we have received over the last few days.

We have just lost a great chief and friend. The Directors and staff of the Company have asked me to express to you their *grief*.

I am sure that this Meeting will wish to share our sorrow.

This is perhaps in the circumstances an appropriate time to summarise the main characteristics of the principal components of our Group.

Compagnie Financière de Suez, which was constituted in its present form a little over 20 years ago, is a portfolio investment company with very general interests, and not, as is *sometimes believed, a financial* institution. It has tried gradually to build up a Group comprising three *evenly balanced sectors: a financial* sector composed of banks and insurance companies, an industry, services and property sector, and an investment and liquidities sector; whence the so-called rule of three-thirds laid down a long time ago, which has quite naturally been modified so that we now have a little over 40% of our interests in the first sector, about a third in the second and the remainder in the third.

The principal reason for this policy *is the desire* to spread the risks adequately over various fields while retaining, especially in the case of *the portfolio, sufficient potential* liquidities.

We have, as you know, proceeded by means of alliances and forming new companies, subsequently helping our partners, if it appeared necessary, to develop their own structures. From the beginning, we have systematically endeavoured to form links with companies of which we appreciated not only the future prospects, of course, but equally the quality of the managers, whom we wished to make partners and friends. Our interventions have therefore always had the previous agreement of the companies concerned. Of course, the closeness of our relationship depends on many factors, particularly on our position in the share capital of these companies. We have usually tried to be the principal shareholder, but I think I can say that we are guided by the same motives in every case.

We have also tried to profit from the development, where possible, of co-operation between our partners, but we have always respected not only the interests of both parties but also any legitimate historical considerations. I know that outside observers have sometimes accused us amicably of practising on occasion excessive decentralisation. Our first object has been, it seems to me, to construct patiently and durably, putting our main reliance on what constitutes the real strength of the Group, its employees.

After a period of very rapid growth, we considered it necessary in recent years to pause in order to consolidate our position in the face of a crisis which was unfortunately not difficult to foresee, while disposing of a number of investments which, although remunerative, involved us in too wide a spread of interests. One of the purposes of our issue of convertible bonds at the end of last year was, besides meeting the requirements of our subsidiaries for *shareholders' funds, to provide* ourselves with the financial resources to resume our forward progress.

What then is *our position today*? As far as our principal interests are concerned, Banque de l'Indochine et de Suez, or Indosuez for short, is the result, first, of a merger with the Union Financière et Minière group and, *more recently*, with Banque de l'Indochine. The particular feature of this bank, and one of its prime assets lies in the size of its overseas network of banks and *subsidiaries*, the latter frequently having local partners. Indosuez is in fact the only *French bank in a considerable* number of foreign countries. This efficient group with its world-wide interests has been built up gradually in the context of confidence which I mentioned just now.

The same is true, for other reasons, of the Crédit Industriel et Commercial group, which aims at pursuing a dynamic policy abroad and has in fact in recent years been very successful in New York. However, the CIC group is essentially a very decentralised group of regional banks, unique in France, which have of course financial links with their parent company, but whose very real and extensive co-operation results primarily from the free association of *its members*.

You are aware of our excellent relations with Groupe Victoire, whose insurance companies operate under the style Abeille-Paix. The constitution of this group was in our opinion *a very positive operation*.

Thanks to the support of Suez, Compagnie La Hénin has been able to add to its specifically banking activities important new interests of a quite different nature, of which the *two principal elements are Salins du* Midi and Crédit Foncier et Immobilier. This has resulted, in our opinion and that of the managers of Compagnie La Hénin, in a more evenly balanced group.

In the industrial field, our principal partner is Saint-Gobain-Pont-à-Mousson. We played an important *part in the constitution of this group*. I recall, in the early stages of our relationship with Compagnie du Pont-à-Mousson, the two-fold wish of its Chairman to reach a size enabling him to compete on equal terms on the world market with his principal rivals, and also, perhaps especially, to achieve the degree of internationalisation which he considered essential for the survival of his group in the world of tomorrow. The merger of Saint-Gobain and Pont-à-Mousson was, *I think one can say, a successful* operation and one of benefit to our country.

We also played a major role in the constitution of Béghin-Say and a few months ago helped to strengthen the *French shareholding of this* important company.

I have chosen these few examples to emphasise one of the *roles* we play and shall continue to play in the restructuring of the French economy.

We are a group *formed relatively* recently, intentionally diversified with wide international interests and having relationships with French and overseas partners based on mutual confidence. We are resolved to continue and develop the course of action we have pursued in the past and which we were able to bring to a successful conclusion only because we were a private group. Our development is certainly far from completed and we think it in the best interest of this country that we *should be in* a position to continue it. We must however retain our present character.

If at any time *proposals* should be made for nationalising any of the major components of your Group, you may be assured that we shall exert all our energy to persuade the authorities in this country of the serious and possibly very grave consequences of such measures which would, in addition I firmly believe, be completely useless in terms of the *desired objectives*.

I shall now make brief reference to the beginning of the year as it affects our Group, pointing out that forecasts for the end of the financial year are in present circumstances extremely difficult to formulate.

Our banks in France were subject during the first months of 1981 to rigorous credit restrictions and to an acceleration of the rise in interest rates. It has therefore been necessary to pursue a policy of strict limitation of the growth of outstanding loans, while making bond issues in order to increase the banks' lending capacity. These measures are intended to complete the large issues of shares and bonds carried out last year.

Because of the credit restrictions, Indosuez has been *obliged to halt* the opening of new branches in France and has continued to put the *emphasis on the growth of its* international operations and the expansion of its network. It has thus opened or will open shortly new branches in Europe in Barcelona, in East Africa in Nairobi and Mombassa, and in Asia in Bombay.

Crédit Industriel et Commercial and the banks in its group have continued their policy of decentralisation, while pursuing their activity *in four* fields: international expansion, development of payment systems, *economies* of scale and development of common techniques.

The growth in premiums of Abeille-Paix IGARD (composite) and Abeille-Paix Vie (life) in France for the first few months of the year was more marked than for last year. With regard to the large network of overseas subsidiaries of Groupe Victoire, the Prévoyance group in Canada, in *which Victoire has a 35% holding*, has just acquired a new insurance company which makes it the leading composite insurance company in Quebec and the fourth in the whole of Canada.

In the industrial sector, Saint-Gobain-Pont-à-Mousson is operating in markets generally gloomy, though varied.

Fibreglass for insulation, which has grown very rapidly since the first oil crisis, is now showing in Europe rather surprising weakness. On the other hand, the contracting sector is very active.

Béghin-Say, whose "sugar" and "cellulose based packing materials" sectors are doing well, is facing a difficult problem in its "*paper*" division at Corbehem.

Valéo has to meet with firmness the consequences of the motor industry crisis and the resulting increased competition between motor accessory manufacturers.

On the other hand, I am pleased to report that in the very difficult machine-tool sector, Huré—and this is, I believe, a very rare exception—is in a sound position.

I must also draw your attention to the very great success of Bouygues abroad.

The early months of the year have *also been good for the companies in* the Compagnie La Hénin group.

On the whole, taking all our partners *into consideration, one can* say that the position of our Group is, apart from a few minor difficulties, satisfactory in present circumstances.

I shall finish by saying a few words about our consolidated accounts for 1980: *net profit, excluding minority interests*, reached FFr 875 million against FFr 588 million in 1979, an increase of 49%. Net current profit, i.e. after deduction of profit on capital transactions, totalled FFr 712 million against FFr 496 million the previous year: the corresponding increase was 43.5%.

Consolidated net assets per share were FFr 744 before revaluation and FFr 838 after revaluation. Net profit was FFr 96.57 and current profit FFr 78.61.

These figures result from efforts made in the past. I hope very much *that our Group will be able to* continue its progress.

The Report and Accounts for 1980 were adopted and the distribution of a dividend of FFr 23 per share payable as from July 8th 1981 against Coupon No. 38 was approved. The rates are as follows:

UK Residents: Gross	FFr 23.00
French Tax	FFr 5.50
Net:	FFr 17.50
Non-Residents: Gross	FFr 23.33
French Tax	FFr 5.83
Net:	FFr 17.50

All resolutions before the Meeting were passed. The Extraordinary General Meeting did not take place due to lack of a quorum.

An English translation of the Annual Report and Accounts will be obtainable later, in London from BANQUE DE L'INDOCHINE ET DE SUEZ, Securities Department, 62-64 Bishopsgate, London EC2N 4AR (Tel: 01-588 4941 Ext. 264) or from Compagnie Financière de Suez, 1, Rue d'Astorg, 75008 Paris.

Dow shows early rise of 0.86

STOCKS REMAINED slightly higher in moderate trading at mid-session.

The Dow Jones Industrial Average was up 0.86 to 954.34 at 1.00 pm. Advances held a small lead over declines as volume eased to 30.82m (32.12m) shares. The NYSE All Common Index added 0.17 to $74.67.

The market continued to be encouraged by the Federal Reserve's actions to add liquidity to the banking system, which analysts said might indicate that the Fed is easing monetary policy slightly.

However, they noted that yesterday's gain was largely a "technical bounce" in response to the market's oversold condition.

It will take some time before the outcome of Tuesday's Federal Open Market Committee meeting becomes known, and the market is not likely to show any significant gain until the interest rate picture becomes clearer, analysts said.

Takeover candidates provided the focus of an otherwise featureless market.

Texasgulf, the most actively traded stock, gained ¼ to $54⅜. Cities Service rose 2 to $57¾ and Conoco was up ½ to $76⅝ in active trading. Allied Crpn. added 1¼ to $58. Among other actives, K Mart eased ⅛ to $20 and Sears Roebuck rose ¼ to $18⅜.

Commonwealth Edison lost ⅛ to $19½. It plans an offering of 10m shares.

THE AMERICAN SE Market Value Index rose 0.71 to 361.45 in light trading.

Volume leader Dome Petroleum slipped ¼ to $19¼. Consolidated Oil and Gas edged up ⅛ to $16, Wang Laboratories added ¼ to $32⅜ while Ranger Oil eased ¼ to $12, all in active trading.

Canada

Prices on the Toronto Stock Exchange were little changed at mid-session with 174 issues higher and an equal number lower on volume of 3.1m (2.51m) shares.

The exchange's Composite Index fell 1.3 to 2,329.9, but eight of the 14 major industry indices moved higher, led by Golds which rose 44.4 to 3,614.9. Industrials were up 2.3 at 1,550.6.

However, Oils dropped 35.1 to 4,988.4.

Turbo Resources, which made a bid for Merland Explorations, led the active list easing ¼ to C$10. Bow Valley was again an active trader but lost 1¼ to C$23⅞.

Closing prices for North America were not available for this edition.

Australia

The recent downward trend continued as a rise in U.S. prime rates heightened concern over the rising local rates.

The All Ordinaries Index finished 12.7 down at 662. The fall, representing a capitalisation loss of more than A$2.7bn, took the market to its lowest level since mid-March.

Oils were hardest hit as the sector index fell 43.3 points to 529.7, one of its largest one-day falls ever.

Among the Oil leaders, Santos fell 46c to A$6.10, Ampol Exploration 30c to A$3.40, Woodside 8c to A$1.85, Vamgas 30c to A$13.70, Bridge 60c to A$6.40 and Crusader 40c to A$7.00.

Elsewhere, BHP lost 25c to A$14.35, CSR 20c to A$5.56 and WMC 18c to A$5.00. CRA was 17c easier at A$3.95, Woolworths fell 8c to A$1.72

Tokyo

Prices fell on profit taking in front runners and big capitals, with many investors worried about high prices. But issues related to office automation kept rising on selective buying.

The Nikkei Dow Market Average fell 21.22 to 7,895.16. The Tokyo Stock Exchange Index shed 0.39 to 588.09.

Autos, Machine Tools, Printings, Trading Houses, Shipbuilders, Steels and Natural Resources were sold but Heavy Electric Machines and Light Electricals firmed.

Nissan Motor fell Y45 to Y985, Toyota Y30 to Y1,420, Honda Y30 to Y1,070, Sumitomo Metal Y3 to Y276, Hitachi Shipbuilding Y6 to Y219, Toppan Print Y12 to Y628, Mitsubishi Corporation Y28 to Y650, Sumitomo Corp Y14 to Y501, Hitachi Seiki Y22 to Y528 and Toshiba Machine Y15 to Y671.

However, Hitachi gained Y28 to Y727, Mitsubishi Electric Y9 to Y878, Toshiba Y14 to Y420, Fujitsu Y28 to Y795, Nippon Electric Y9 to Y878, Sharp Y22 to Y960, Canon Y60 to Y1,630, Nippon Optical Y16 to Y830, Matsushita Electric Y50 to Y1,750 and Pioneer Y90 to Y3,950.

Hong Kong

Stocks closed mixed in moderate trading with most issues staying much the same amid selective buying, mainly in reaction to some of Wednesday's falls.

The Hang Seng Index closed 6.16 up at 1747.28. A support to the market came from reports that Henderson Land's new share issue has been even more heavily oversubscribed than at first thought.

Before the counting of applications ended it was estimated to be six times over, but now there are estimates of 10 times.

Stocks which came under selective buying included Cheung Kong, which rose 50c to HK$32.00, and Hutchison Whampoa, 60c to HK$22.20.

Properties showed little or no reaction to Wednesday's passing of the amendment to the Rent Bill, which had been expected. HK Land rose 10c to HK$11.60 and SHK Properties 10c to HK$18.60, but Swire Properties fell 20c to HK$14.20.

Paris

Prices firmed in moderate trading, helped by buying from institutional investors.

Prime Minister M Pierre Mauroy's statement to the National Assembly on Wednesday on economic and nationalisation plans appeared to have little effect on the market.

Companies listed for nationalisation firmed despite the statement, except for Dassault which eased FFr 12 to FFr 368 and Rhone Poulenc, down 0.6 to FFr 48.5.

Banks, which will also be affected by the nationalisation plans, were firm with Paribas up FFr 6.5 at FFr 176.

Germany

Leading shares closed lower after lively trading as the trend weakened following a firmer opening.

The Commerzbank Index rose 3.1 to 735.20. However, in Autos, Daimler closed down at DM 354 having touched DM 357 after opening at DM 356, VW fell to DM 160.60 from its high at the opening of DM 164.20 while BMW eased 50 pfennigs to DM 198.50.

AEG fell DM 1 to DM 48.1, while Preussag dropped DM 1.70 to DM 164.5 from its opening after going DM 6 ex-dividend and was DM 3 below its highs.

In Banks Commerz fell DM 1.60 to DM 137, Deutsche DM 2 and Dresdner 3.50.

In Chemicals BASF dropped DM 1.50 to DM 134.30 and Bayer eased 90 pfennigs to DM 128.30. In Stores, Horten lost DM 1.50 to DM 135, and Karstadt DM 1.0 to DM 237, while in Engineerings Linde fell DM 3 to DM 357.

Milan

Treasury securities firmed slightly in thin trading in the bond sector, exempted from the Government's closure of the market until next week. Convertibles were unquoted, in line with the suspension of share dealing.

Johannesburg

Golds closed sharply higher in active trading due to the firmer bullion price.

Heavyweights gained up to R3.75 as in Western Holdings at R60.75. In Mining Financials Anglos was 30c at R14.95, while De Beers rose 17c to R8.67 despite sharply lower CSO diamond sales figures.

Indices

NEW YORK —DOW JONES

	July 8	July 7	July 6	July 2	July 1	June 30	1981 High	1981 Low	Since Cm'pil'n High	Since Cm'pil'n Low
◆Industr'ls	953.48	954.15	949.30	958.19	967.66	976.88	1024.05 (27/4)	951.57 (15/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	60.09	60.01	60.19	59.95	60.05	60.47	65.78 (15/1)	58.37 (7/5)	—	—
Transport.	398.18	398.71	400.11	409.98	412.46	415.18	447.38 (16/4)	378.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	106.89	106.33	105.92	106.74	107.49	107.98	117.81 (6/1)	103.98 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	46,900	53,588	44,530	45,106	49,089	41,560	—	—	—	—

◆Day's high 961.28 low 944.06

Ind. div. yield %	July 3	June 26	June 19	Year ago (approx
	5.69	5.50	5.48	5.72

STANDARD AND POORS

	July 8	July 7	July 6	July 2	July 1	June 30	1981 High	1981 Low	Since Cmpil'n High	Since Cmpil'n Low
‡Indust'ls	144.41	144.41	143.35	144.87	145.95	147.58	157.82 (6/1)	143.75 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	128.32	128.24	127.37	128.64	128.77	131.25	138.12 (6/1)	125.58 (28/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 8	July 1	June 24	Year ago (approx.
Ind. div. yield %	4.90	4.85	4.74	4.97
Ind. P/E Ratio	9.16	9.27	8.96	7.90
Long Gov. Bond yield	13.10	13.27	12.92	10.11

N.Y.S.E. ALL COMMON

July 8	July 7	July 6	July 2	1981 High	1981 Low
74.50	74.39	73.99	74.75	79.14 (6/1)	72.46 (20/2)

Rises and Falls	July 8	July 7	July 6
Issues Traded	1,890	1,901	1,868
Rises	674	697	352
Falls	768	814	1,187
Unchanged	448	390	329
New Highs	10	14	6
New Lows	51	38	50

MONTREAL

	July 8	July 7	July 6	July 3	1981 High	1981 Low
Industrials	395.97	394.87	392.87	398.25	408.56 (27/6)	355.29 (28/2)
Combined	364.54	365.98	362.25	366.61	375.18 (27/6)	358.84 (20/2)
TORONTO Composite	2331.2	2320.6	2301.8	2351.7	2373.8 (10/4)	2161.4 (20/2)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Conoco	939,200	76¼	+½
Prime Comp	701,500	38¾	−1
Am. Express	671,100	46	—
ATT	600,700	55	−¼
Amerad Hes	558,400	30⅛	+⅛
Du Pont	543,500	48⅛	−⅛
Gould	503,200	29¼	−½
Cities Service	502,900	55⅞	−3⅞
Exxon	493,500	34⅝	+⅛
Mesa Pete	476,300	30	−⅛

	July 9	July 8	July 7	July 6	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	662.0	674.7	681.3	686.5	737.5 (8/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	555.2	546.0	562.7	574.8	735.2 (7/1)	535.2 (9/7)
AUSTRIA Credit Aktien (2/1/62)	58.74	58.75	58.75	58.88	66.43 (6/1)	58.74 (9/7)
BELGIUM Belgian SE (31/12/63)	74.07	74.05	73.90	74.25	86.15 (17/2)	68.55 (16/6)
DENMARK Copenhagen SE (1/1/73)	115.47	116.71	117.31	117.84	118.21 (3/7)	95.98 (2/1)
FRANCE CAC General (29/12/61)	78.8	78.16	77.6	77.8	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	84.4	82.8	81.5	80.5	108.8 (13/3)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	239.31	238.15	239.79	242.78	243.47 (3/7)	215.68 (9/2)
Commerzbank (Dec. 1953)	735.2	732.1	738.5	746.4	749.0 (3/7)	666.4 (18/2)
HOLLAND ANP-CBS General (1970)	91.5	91.7	92.1	92.7	98.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	73.0	72.7	73.2	74.7	76.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1747.28	1741.04	(c)	(c)	1780.55 (12/6)	1295.44 (11/3)
ITALY Banca Comm Ital (1972)	(c)	(c)	205.56	208.92	292.05 (5/6)	175.36 (6/1)
JAPAN Dow Average (16/5/49)	7895.16	7916.38	7926.47	7927.58	7925.54 (3/7)	6956.52 (13/3)
Tokyo New SE (4/1/68)	588.09	588.48	581.85	587.45	588.43 (3/7)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	120.23	120.75	121.40	121.78	127.37 (4/6)	110.34 (5/6)
SINGAPORE Straits Times (1966)	923.84	924.35	925.01	940.95	975.28 (26/6)	658.51 (2/1)
SOUTH AFRICA Gold (1958)	(u)	512.7	510.1	495.1	797.5 (7/1)	473.6 (8/7)
Industrial (1958)	(u)	594.0	590.2	589.4	655.5 (1/5)	567.2 (3/2)
SPAIN Madrid SE (30/12/80)	133.22	133.59	133.39	135.1	141.40 (17/6)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	572.50	582.61	585.72	581.81	591.84 (2/7)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	284.0	285.8	287.2	288.0	304.2 (2/4)	278.8 (27/5)
WORLD Capital Intl. (1/1/70)	—	150.6	150.9	150.7	162.8 (9/1)	149.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

هكذا من الأصل

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

Fish council may ease herring ban

By Larry Klinger in Brussels

THE special meeting of EEC Fisheries Ministers, announced on Wednesday will take place in Brussels on July 27 with the proposed relaxation of the EEC ban on herring fishing heading the agenda.

While the member-states are unlikely to approve this outside final agreement on a Common Fisheries Policy (CFP), the Commission is hoping that the ministers will not reject it out of hand and thereby apply it under their existing "gentlemen's agreement" to respect the Commission's proposed catch arrangements for this year.

The hope is also that a relaxation of the ban, which is of special interest to the Netherlands and France as well as Britain, might ease the way towards final agreement on a CFP.

Britain, which currently holds the presidency, is attempting to limit the scope of the special Council to "low-key" items separate from those contentious problems, such as Community-wide access to British waters, which have defeated the six-year efforts to establish a CFP.

However, Britain has made the fisheries negotiations a priority of its six-month tenure as Council President, and the special Council will be a serious attempt to restart the talks which broke up in disarray earlier this year by quickly calling together the EEC's ten fisheries ministers, several of whom are newly appointed.

Potato options trading starts next month

THE LONDON potato futures market will start trading options from August 3, Mr Bill Englebright, joint secretary of the London Potato Futures Association, said.

Full option trading would include, call, put and double options within normal trading hours but not during the market's official call periods, he said.

Mr Englebright said the management committee had decided to introduce a new delivery month to the current list. This would be a May 1983 position but it would not be introduced until after the expiry next year of the April 1982 delivery month.

Reuter

Brazilian policy boosts coffee

BY RICHARD MOONEY

COFFEE PRICES rallied strongly yesterday in response to the publication of Brazil's new export policy, which is expected to result in roasters paying more for Brazilian coffee.

On the London futures market the September position, which had fallen more than £50 a tonne in the previous two trading days, regained £50 to close at £783.50 a tonne.

Brazil has cut its minimum export price for high quality beans from $2 to $1.67 a pound and the export tax to $50 from $177 per 60-kilo bag. But the main effect of this will be the payment of much smaller rebates under special deals with roasters to bring the price into line with the world market.

Roasters are offered a new deal under which the rebate, paid in the form of credit notes exchangeable for further coffee, will be limited to the level of the export tax. It will be linked to the country's minimum export price rather than the International Coffee Organisation indicator price as before.

Traders are still analysing the implications of the changes but most expect them to result in Brazilian coffee being 8 to 10 per cent dearer.

One leading U.S. roaster is rumoured already to have decided to accept the new deal and others are expected to follow soon.

The new policy is seen as an attempt to rationalise the country's export pricing system and do away with the absurdly large rebates payable under the old system because of the decline in world market prices. For roasters it has the advantage of tying up less money initially and therefore reducing financing costs.

They could reject the offer if they choose and continue under the old contracts for another month. But in that case their contracts would then expire.

Growers hostile

BY RIK TURNER IN SAO PAULO

HARSH criticism from growers with threats of a reduction in production was the immediate reaction to the new Brazilian coffee marketing policy, announced by trade and industry minister Sr Camilo Pena this week.

Significant secondary demands by growers, such as the question of the domestic market, have been resolved. Their principal concern, however, the guarantee price, was not treated to their satisfaction. They were demanding an immediate increase from Cr 7,800 ($83) per bag to Cr 13,000.

Instead, the government awarded an increase to Cr 9,550, effective only in October, with the promise of a further increase in January 1982.

The government's strategy is dictated by two factors: first, an immediate increase would bring mass sales to the IBC, which would therefore be committed to a high outlay of funds it does not have. Secondly, the government does not want to push up the guarantee price before the negotiations for a new International Coffee Agreement, in September.

Meanwhile, financing levels have been considerably increased, from 65 per cent to 80 per cent of the guarantee price, to make it easier for producers to finance their stocks. While this represents a larger outlay by the government organs conceding credit, it is in the form of a loan, rather than a price paid for purchased coffee, and does not transfer the onus for selling the coffee to the IBC.

Another measure which favours producers is the decision not to readjust the "contribution quota" export tax every time the Cruzeiro is devalued.

A big demand by producers in recent weeks related to the domestic market, where 7m bags are consumed annually. The IBC has until now supplied roasters at a subsidised price, undercutting growers who thus depend on the export market.

Now the system has been abolished, with domestic roasters being obliged to buy their green coffee on the market at unsubsidised prices. They will be able to pass their increased costs on to consumers, so that a reduction in consumption is expected. However, more optimistic trade sources believe that this can be *compensated by a more effective* sales strategy, with an intensive advertising campaign.

Lead surges ahead

By John Edwards, Commodities Editor

LEAD VALUES surged further ahead on the London Metal Exchange yesterday. The cash price jumped by £10 to £405.5 a tonne—the highest level for 15 months and a rise of £26 this week alone. The market was boosted by news that two leading U.S. producers had raised their domestic lead selling prices by 2 cents to 41 cents a lb and reports that efforts to end the six-week-old strike by Amax lead workers remain stalled.

Encouraging a general rise in metal prices was the decline in the value of sterling against the dollar. Copper cash wirebars reached the highest level for nine months closing £9.75 up at £885 a tonne, aided by the rise in gold and higher New York prices in early trading.

Cash tin, which closed £30 up at £6,755 a tonne, was also at the highest level since last October. The firmer undertone reflected a further rise in the Penang market overnight and nervousness over the outcome of next week's International Tin Council meeting when producers will press hard for a rise in the agreement "floor" and "ceiling" prices.

Meanwhile Reuter reported from New York that International Nickel's Manitoba Division will start preliminary talks this week on the terms of new labour contracts to replace those expiring on September 15.

Sharp fall in cocoa

COCOA prices dropped sharply on the London futures market yesterday following unconfirmed reports that France had failed to persuade Ivory Coast to join the International Cocoa Agreement.

The market fell the permissible limit down of £40 at one stage in the afternoon, but then rallied at the close. September *futures after touching a low of £994 finally closed at £1,013 a tonne, £30 down on the previous day.*

Reuter reported from Paris that three hours of private talks between the Ivory Coast and French presidents ended with no statement on cocoa. It was rumoured that the Ivory Coast has decided to reserve its position on joining the proposed cocoa pact at least until October.

FARMER'S VIEWPOINT: ZIMBABWE

An industry ripe for mechanisation

SEEN FROM the air, the Zimbabwe landscape unrolls brown and dusty, relieved in places by the olive of the African bush. All growth has stopped under the effects of the winter drought and frost. Yes, frost in the tropics hard enough to kill the grass and leaves. But there are scattered patches of emerald green which, on closer inspection turn out to be wheat grown under irrigation.

This development was stimulated by the sanctions imposed in the emergency. By comparison with the more temperate areas, wheat growing demands a high investment both in irrigation equipment and labour needed to move the pipes. I saw none of the automatic systems used on the Continent and elsewhere. The price paid to farmers is one of the highest in the world between £125 and £150 per tonne this year, as against about £70 in the U.S. and £100 in the EEC.

This price is justified by the country's need for wheat. Urban Africans are changing over to bread instead of mealies (maize). The country is almost self-supporting in wheat and there would be a demand for it in the neighbouring states as well. From the farming angle this wheat crop is an extra bonus, growing at a time of annual drought when nothing else will survive.

The maize harvest was in full swing when I arrived, and this year's crop is a record 2m tonnes, double the annual average. This is a great benefit and to some extent an embarrassment. Basic food supplies are secure for at least twelve months, but the storage of the crop is over-taxing bulk facilities, and there is a shortage of bags. Exports are possible to neighbouring states, but these are dependent on inadequate railway facilities which will take some time to improve.

Commercial cereal farming is almost entirely in the hands of the white farmers, who are responsible for 90 per cent of deliveries to the Grain Marketing Board. Government policy until the end of the war was to encourage commercial farming. The marketing arrangements appeared to me to be the most favourable to farmers that I have come across: guaranteed prices paid on delivery and no storage or marketing problems for the farmers themselves.

Cotton growers were not quite so happy. Most of the crop is of high quality if picked by hand, but farmers professed themselves to be unable to find pickers. The good maize harvest which was common to the subsistence farmers in the Tribal Trust areas, made it unnecessary for the African families to come picking. Other reasons given were that compulsory schooling kept the children away, and that status-conscious African women would no longer pick cotton now that their husbands earned better wages.

Several growers told me that they had overcome the difficulties by paying a higher price for the job. But the general opinion was that eventually they would have to follow the example of other countries and harvest mechanically even if that should mean losing the premium for the handpicked staple.

This is a crucial point. Most of the farming could be mechanised to a high degree. But the social cost of removing the labour from the land, if mechanisation were to be adopted could produce insuperable political problems in the absence of alternative employment.

As a landlocked country with expensive communications to world markets, Zimbabwe is looking to the development of higher-value low volume products, such as tobacco, cotton, coffee and sugar, for which the potential in terms of land and irrigation water is very high indeed. At Buffalo Range in the low Veld where two companies produce a total of 400,000 tonnes of sugar, I was told that only one sixth of the available resources had been developed so far. Elsewhere I was told that only 90 per cent of the country's irrigation potential had been used. If sugar can be grown, so can many other things. The only cautionary note is that most tropical products are subject to the volatile world commodity markets.

There are serious constraints. Because of the lack of foreign exchange there are serious shortages of machinery, fertilizers and other inputs. At the present rate of imports it would take 20 years to renew the country's tractor stock. Morale is not high in the country's excellent research establishments on which agricultural development depends. Staffs have been tempted away by private industry or to other countries. On the surface the relationship between the farmers—as devoted to capitalism as any group I have ever met—and the Marxist government are good. Each has need of the other. The security situation a year after the end of a bitter war is markedly relaxed. "We must work together," was a common answer to a question about the future.

But doubts remain. The white farmers, efficient and hardworking as they are, live on a far higher scale than do the Africans who work for them. How long will it be before the black majority demands a bigger slice of the cake? The present harmony is only the start of a long and difficult road.

John Cherrington

Grain markets unsettled

BY NANCY DUNNE IN WASHINGTON

U.S. GRAIN MARKETS behaved erratically this week as traders awaited release of the latest USDA estimates of maize and winter wheat production due later today. Late on Wednesday the Conrad Leslie report of a record 2.1bn bushel 1981 winter wheat crop and a 7.3m bushel maize crop produced only a mild reaction on the Chicago Board of Trade.

But reports that rain in the Soviet Union may have eased weather problems sent the markets down on Tuesday. By Wednesday, they rebounded with news of a large grain purchase by India and persistent rumours that the Soviet grain crop would again be a poor one.

Experts predicted that the USDA would revise its forecast to 195-205m tonnes, but other market sources said the Russian crop could be as low as 185m tonnes.

U.S.-Soviet negotiations for a new long-term grain agreement is one of the many imponderables.

"They don't seem real hungry yet," said one trader of the Soviets, who so far have bought none of the 6m tonnes the Americans offered them this year.

It is thought that the Russians could be using U.S. anxiety to sell as a negotiating tool to lower prices in other government to government sales.

Many believe that the new bilateral agreement, when it is finally reached between the U.S. and Soviets, will be much the same as the old pact, allowing the Soviets to purchase a *minimum 8m tonnes of grain* —five of maize and three of wheat—and a maximum of 12m tonnes.

Brij Khindaria in Geneva writes: In spite of projected increases in world cereal production during the 1980-81 period many developing countries especially those in Africa will face severe food shortages this year.

"Prospects for large areas of the world remain precarious. The situation in Africa has assumed crisis proportions." Mr Maurice Williams, executive director of the World Food Council (WFC) said in Geneva. The WFC is the highest international political forum within the United Nations system which analyses food problems.

Global production of cereals has fallen since 1978-79 and world stocks of grain, as a proportion of consumption, are at their lowest level since 1975-76, he added.

Curbs on animal mutilation urged

By Our Commodities Staff

MUTILATION OF farm animals should be controlled by law and in certain cases banned, according to a report published yesterday by the Ministry of Agriculture's Farm Animal Welfare Council.

Candidates for banning include tail docking, penis and tongue amputation, cockerel devoicing and hot branding of cattle. Most are not practised in Britain anyway, but the council is anxious that they should not become established.

The report also called for proper training of stockmen *performing such operations as* castration, docking and dehorning.

"The Need to Control Certain Mutilations on Farm Animals, Ministry of Agriculture, price 30p.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES continued to move ahead on the London Metal Exchange *as sterling lost ground* against the dollar. Copper closed at the day's high of £911, reflecting strong demand for cathodes and a sharp rise on Comex, while Lead moved up to £407 *prior to closing at £405 in the* wake of the U.S. producer price increases. Zinc touched £462.5 on trade buying *before ending the day at* £457.75. Tin encountered profit-taking and trade selling to close at £6,835. Aluminium closed at £630 and *Nickel* at £3,317.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	883.5-4	+6.25	884-5.5	+9.75
3 months	908-.5	+8	909-.5	+9.75
Settlem't	884	+6	—	......
Cathodes				
Cash	880.5-1	+8.75	878-9	+9.5
3 months	901-.5	+8	900-1	+10
Settlem't	881	+8	—	......
U.S. Prod	—		*80-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars *traded at £883.5, three months £908,* 7, 6.5, 8, 7, 6.5, 7, 8, 8.5, 8. Cathodes, cash £880, 81, 81.5, *three months* £901. Kerb: Wirebars, three *months* £909, 10, 11, 11.5, 11, 10.5, 10. Afternoon: Wirebars, three months £910, 09, 09.5, 10, 09.5, 9, 9.5, 8.5, 9. *Cathodes, cash* £879. Kerb: Wirebars, three months £909, 8.5, 9, 9.5, 10, 10.5, 11, 10.5. Turnover: 19,600 tonnes.

Tin—Morning: Standard, cash £6,750, 55, three months *£6,845, 50,* 45, 40, 45, 50, 45. Kerb: Standard, three months £6,845. Afternoon: Standard, three months £6,860, 55. Kerb: Standard, *three months £6,850, 45, 40.* Turnover: 895 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6750-5	+58	6750-68	+50
3 months	6840.5	+57.5	6850-60	+40
Settlem't	6755	+50	—	......
Standard				
Cash	6750-5	+50	6750-60	+30
3 months	6840-5	+57.5	6850-70	+40
Settlem't	6755	+50	—	......
Straits E.	$29.35	+0.05		......
New York	—	......		

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	400.5-1	+3.25	405-7	+10
3 months	399.5-400	+4	405.5-6	+10
Settlem't	401	+3	—	......
U.S. Spot	—	......	*41	......

Lead—Morning: Cash £400.5, three months £399, 98, 98.5, 99, 99.5. Kerb: Three months £399.5, 400. Afternoon: Cash £406, three months £403, 4, 5, 6, 5, 5.5, 6, 7, 6, 5, 5.5. Kerb: Three months £405.5, 6, 5, 5.5. Turnover: 11,875 *tonnes.*

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	455.5-5	+1	455-7	+3
3 months	459-.5	+.75	455-.5	+3
S'ment	455.5	+.5	—	......
Primw'ts	—	......	*46.5	......

Zinc—Morning: Three months £457, 58, 59. Kerb: Three months £460, 59.5, 60, 60.5, 60. Afternoon: *Three months* £461, 62, 60, 58, 59, 58, 58.5. Kerb: Three months £457, 58, 57.5. Turnover: 6,250 tonnes.

Aluminium—Morning: Three months £627. Kerb: Three *months £629.* Afternoon: Three months £630, 30.5, 30, 29.5, 30.5, 31, 30.5. Kerb: Three months £631, 30, 29.5. Turnover: 4,400 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	607-8	+2	610-11	+7
3 months	627.5-8	+2.25	630-1	+6.75

Nickel — *Morning: Three months* £3,305, 3,300. Kerb: Three months £3,296. Afternoon: Three months £3,315, 10, 15. Kerb: *Three months £3,315,* 17, 15. Turnover: 516 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3280-5	+17.5	3285-95	—17.5
3 months	3295-300	+25	3310-5	—5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 19.5p an ounce *higher for spot delivery in the London* bullion market yesterday at 461.35p. U.S. equivalents of the fixing levels were: spot $8.71, up 38.3c; three-month $9.088, up 40.1c; six-month $9.485, up 40.4c; and 12-month $10.408, up 66.3c. The metal opened at 458-464p ($8.65-8.75) and closed at 463-468p ($8.70-8.80).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	461.35p	+19.5	464.0p	—19
3 months	475.25p	+19.7	478.5p	—20
6 months	490.40p	+19.7	—	......
12 months	522.00p	+19.7	—	......

LME—Turnover: 82 (50) lots of 10,000 ozs. Morning: cash 468, 65; three months 478.5, 78, 77, 80, 81, 80, 79.5, 79, 79.5. Kerb: three months 479. Afternoon: three months 478, 77.5, 78, 79. Kerb: three months 479, 81, 80, 79.

COCOA

Futures eased throughout an active day as liquidation of speculative long positions caused prices to trade limit down. Physical business remained scarce as market sentiment reflected uncertainty concerning a possible cocoa pact, *reports Gill and Duffus.*

COCOA	Yes'rday's Close	+ or —	Business Done
July	975-985	—35.5	1005-995
Sept.	1012-14	—30.0	1043-994
Dec.	1053-54	—31.0	1082-40
March	1070-71	—26.0	1097-65
May	1081-82	—25.5	1119-80
July	1187-90	—27.0	1116-00
Sept.	1095.00	—26.5	1120-00

Sales: 5,317 (9,114) lots of 10 tonnes. ICCO Futures—Daily price for July 8: 90.53 (91.64); five-day average 87.76 (86.26).

COFFEE

Following a late reversal in New York futures London opened with gains of £25-35, reports Drexel Burnham Lambert. Frequent trade buying continued the advance before late commission house selling and dealer profit-taking pared gains slightly.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	760-65	+54.0	756-47
Sept.	738-84	+50.0	795-60
Nov	785-88	+54.0	797-61
Jan	788-89	+56.0	794-59
March	783-85	+49.0	790-57
May	788-90	+61.0	777-60
July	790-05	+66.0	785-80

Sales: 4,725 (4,959) lots of 5 tonnes. ICO Indicator prices for July 8: *(U.S. cents per pound):* Comp. Daily ICA 1978 92.23 (91.50); 20-day average 94.59 (94.89).

COTTON

LIVERPOOL—No sales on the spot or for forward delivery were registered for the fourth day this week. The attitude of buyers was to stay on the sidelines and avoid operations. Little interest was displayed in regular qualities, but some specialist varieties were *under consideration.*

GAS OIL FUTURES

Prices strengthened on active trading with trade buying re-entering the market. *A fall mid-day was met by good* support and the market closed near the highs, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
July	295.00	+4.00	295.00-92.50
August	293.50	+3.25	294.00-91.00
September	294.50	+2.50	295.00-92.00
October	298.75	+2.75	299.50-97.00
November	303.00	+2.50	305.50-01.00
December	307.00	+2.50	308.00-05.50
January	310.00	+2.50	310.00-09.50
February	314.75	+0.25	—
March	318.25	+4.00	—

Turnover: 999 (793) lots of 100 tonnes.

GRAINS

The market opened slightly down on wheat and barley. Barley values rallied sharply on aggressive shipper *buying despite some country hedge* selling in very active trading. Wheat also saw shipper buying and *closed firm, Acli reports.*

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep	100.60	+1.10	95.95	+1.05
Nov	104.60	+1.20	100.00	+1.15
Jan	108.60	+1.20	104.00	+1.10
Mar	112.30	+1.10	107.35	+1.00
May	116.00	+1.15	110.75	+1.20

Business done—Wheat: Sept 100.70-100.65, *Nov 104.60-103.35,* Jan 108.40-108.00, March 112.20-111.70, May 116.00-115.50. Sales: 170 lots of 100 tonnes. Barley: Sept *95.95-95.00, Nov 100.00-98.80,* Jan 104.00-102.95, March 107.25-106.20, May 110.75-110.30. Sales: 627 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Aug 116.50, Sept 117.25 *transhipment East* Coast sellers. U.S. Hard Winter $13\frac{1}{2}$ per cent July 119, Aug 119.75, Sept 118.50 transhipment East Coast sellers. Maize: S. African Yellow Aug/Sept 94.75 seller. Barley: English Feed fob Oct/Dec 102.75 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 115.70, N. West 114.80. Feed barley: S. East 108.40, S. West 105.90, N. West 105.60. The UK Monetary Coefficient for the week beginning Monday July 13, *will increase to 0.895.*

RUBBER

The London physical market opened slightly easier, with some interest at *the lower levels,* closing steadier. Lewis and Peat reported a fob July price for No. 1 RSS in Kuala Lumpur of 248.0 *(249.5) cents a kg and SMR 20* 217.0 (218.0).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
August	60.80-60.90	60.50-60.70	60.60
Sept	61.80-61.90	61.40-61.70	—
Oct-Dec	63.20-63.30	62.40-62.50	63.30-62.40
Jan-Mar	65.70-65.90	64.80-64.90	65.70-64.80
Apl-Jne.	68.60-68.70	67.70-67.90	68.80-68.00
Jly-Sept	71.40-71.80	70.60-70.70	—
Oct-Dec	74.50-74.60	73.60-73.70	—
Jan-Mar	77.70-77.80	76.60-76.70	77.70-77.60
Apl-Jne.	80.60-80.70	79.60-80.00	79.60

Sales: 285 (269) lots of 15 tonnes; 3 (4) at 5 tonnes. Physical closing prices (buyers) were: Spot 59.50p (60.25); Aug 61.25p (60.75p); Spot *61.75p (61.00p).*

SOYABEAN MEAL

The market opened with losses of around £1.00 on profit-taking, reports T. G. *Roddick. Commercial buying* met long liquidation and prices continued under pressure.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	154.10-54.6	—2.40	155.60-54.50
October	138.50-38.4	—2.10	148.00-38.80
December	144.00-44.4	—1.35	145.00-45.70
February	147.10-47.2	—1.65	—
April	148.00-51.8	—1.00	—
June	148.00-55.0	—0.50	—
August	148.00-55.0	—1.00	—

Sales: 178 (128) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar *£213.00 (£218.00) a tonne cif July-Aug* shipments. White sugar daily price £235.00 (£237.00).

Quotations were contained within a £2 trading range in moderate conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	208.95-09.00	209.05-09.25	210.75-07.00
Oct.	209.10-09.20	209.05-09.25	211.00-09.75
Jan.	208.40-08.50	209.00-09.20	210.25-08.40
March	211.15-11.45	211.80-11.90	213.25-10.00
May	212.75-13.00	213.50-13.70	215.00-10.00
Aug	214.50-14.75	215.50-16.00	—
Oct.	215.10-16.15	216.50-17.00	—

Sales: 5,311 (7,281) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis white sugar was £369.4 (same) a tonne for home trade and £321.5 (£326.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 8: Daily price 15.64 (16.03); 15-day average 15.70 (15.74).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in *order: buyer, seller, business).* Australian cents per kilo. July 502.0, 503.0, 503.5-502.0; Oct 498.5, 499.0, 500.0-498.0; *Dec* 506.0, 507.0, 507.0-506.0; Mar 513.0, 513.5, 515.0-513.0; May 522.0, 522.5, 523.0-522.0; July *528.5, 530.0, 529.9; Oct 526.0,* 527.0, 526.0; Dec 528.5, 530.0, 528.5. Sales: 167.

*LONDON NEW ZEALAND CROSS-*BREDS—Close (in order: buyer, seller, business). New Zealand cents per *kilo. Aug 390, 410, nil; Oct 400, 404,* 402; Dec 403, 405, 403-402; Jan 404, 407, 404; Mar 412, 415, 413; May 422, *425, 422;* Aug 431, 435, *nil; Oct* 432, 437, 432; Dec 433, 437, 433; Jan 433, 437, nil. Sales: 35.

★

HIDES—Manchester: As expected the market was *firmer in view of meagre* supplies. Second clears: Ox: 31-35.5 kg., 42.5p a kg (42.1p a kg); 26-30.5 kg., *48.5p a kg (47.8p a kg.); 22-*25.5 kg., 53.5p a kg. (53.0p a kg.). Light cows: 25.5 kg., 47.8p a kg (46.1p a kg.).

POTATOES

LONDON POTATO FUTURES—After a *weaker opening buyers came into the* market and prices steadied closing almost unchanged. Scattered showers *in some areas should be beneficial,* reports Coley and Harper. Closing prices: Nov 73.20, —0.30 (high 73.50, low 70.50); Feb 83.50, — (high 83.50, low 80.00); April 93.50, — (high 93.50, *low 90.70). Turnover: 398 (583) lots* of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch *killed sides 74.0 to 78.3; Eire* hindquarters 81.0 to 84.5, forequarters 54.5 to 56.5. Veals: Dutch Hinds and Ends 125.5 to 130.5. Lamb: English small 63.3 to 68.6, Medium 61.0 to 65.0, heavy 56.0 to 62.0; Imported Frozen: New Zealand PL 61.5 to 63.5, PM 60.5 to 62.0. Pork: English, under *100 lb 48.7 to 53.0, 100-120 lb 46.0 to* 52.0, 120-160 lb 44.7 to 51.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on July 9. GB—Cattle 90.30p per kg lw (—1.96). UK—Sheep 143.72p per kg *est dcw (—9.77). GB—Pigs 73.38p per* kg lw (—3.99).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—*Outspan:* Navels 48 5.00, 56 5.80, 72 5.75, 88 5.15, 112 4.85, 138 4.85; 150 4.40; Californian: 88/138 5.00-5.50; Moroccan: Lates 48/113 3.40-3.80; Cyprus: Valencia Lates 48/108 4.00-5.00. Lemons—Spanish: *trays 25/50 2.0-2.80; Californian: 95/145* 4.80-5.30; Outspan: 80/195 4.00-6.50. Grapefruit—Outspan: 40 4.45, 48 4.35, *56 4.00, 64 3.80, 72 3.40; Jaffa: 20-kilos* 40 3.00-3.50. Spring crop 4.50-4.60.

English Produce: Potatoes—Per 55-lb, Kent 3.30-3.50, Essex 3.30-3.50, Lincoln 3.40-3.60. Mushrooms—Per pound, Open 0.25-0.30, closed 0.65. Apples—Per pound Bramley 0.10-0.15. Cauliflowers—Per 12 Lincoln 2.00. Cabbages—*Per bag spring 22-lb* 1.00-2.00, Primo 20-lb 1.50-2.50. Lettuce—Per 12 round 1.00-1.40, Cos 10/12 1.50-2.00. Tomatoes—*Per 12-lb 2.60-3.00, E 2.40-*2.80. Radishes—Per pack of 12 by 8oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches spring 2.00, 55-lb 40/60mm 3.00-4.00. Celery—Per 15/24 2.50-3.50. Cucumbers—Per 10/20 1.80-2.00. Gooseberries—Per pound (12-lb) 0.16-0.20, Levellers 0.15-*0.35.* Broad Beans—*Per 24-lb* 1.90-2.40. Peas—Per 20-lb net 1.50-2.00, 40-lb 3.00-4.00. Carrots—Per 28/28-lb 2.00-3.30. Strawberries—Per $\frac{1}{2}$-lb 0.10-0.35. Raspberries—Per $\frac{1}{4}$-lb 0.10-0.25.

★

GRIMSBY FISH—Supply good, demand good. *Prices at ship's side* (unprocessed) per stone: Shelf cod £4.80-£5.80, codlings £2.20-£3.50. Large haddock £3.00-£4.00, medium £3.00-£3.80, small £2.30-£3.00. Large plaice £5.00-£6.40, *medium £4.80-£6.60,* best small £3.80-£4.50. Skinned dogfish (large) £5.00-£6.00, (medium) £3.00-£4.00. Lemon soles (large) £8.00, (medium) £7.50. Rockfish £1.50-£2.40. Reds £2.00-£2.60. Saithe £1.40-£2.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 9 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1145/1175	+10	$1255/285
Copper			
Cash w'bar	£875	+9.25	£874.75
3 mths	£909.25	+9.75	£899.75
Cash Cathode	£878.5	+9.5	£869.5
3 mths	£900.5	+10	£890.0
Gold troy oz	$406.00	+8	$465.5
Lead Cash	£406.5	+10	£357.5
3 mths	£405.75	+10	£356.0
Nickel	£3,850.50	......	£3,504.50
Freemkt	275/295c		275/285c
Platin'mtr'y oz	£247.0		£247
Freemkt	£213.85	+6.7	£229.0
Quicksilver†	$420/430	—2.5	$425/435
Silver troy oz	461.35p	+19.50	521.70p
3 mths	475.25p	+19.75	537.60p
Tin Cash	£6,755	+30	£6,495
3 mths	£6,855	+40	£6,617.5
Tungsten 22.04lb	$143.64	......	$143.75
Wolfrm 22.04 lb	$148/152	......	$144/148
Zinc Cash	£456	+3	£420.5
3 mths	£458.25	+3	£424.5
Producers	$925	......	$925
Oils			
Coconut (Phil)	$595w	+20	$585.00
Groundnut	‡	......	$575
Linseed Crude	£452	......	£442
Palm Malayan	590x	......	$535
Seeds			
Copra Philip	$370w	+15	$380
Soyabean (U.S.)	$302.5z	+4.5	$298
Grains			
Barley Fut. Sep	£100.00	+1.15	£94.90
Maize	‡	......	£127.5
Wheat Fut. Sept	£104.60	+1.20	£100.65
No2 Hard Wint	£119.00	+1.25	£114.25
Other commodities			
Cocoa ship't *	£1054	—45	£897.00
Future Sept	£1013	—30	£836.5
Coffee Ft Sept	£783.5	+50	£857.00
Cotton A.Index	86.40c	—0.2	86.75c
Gas oil Aug	$293.5	+3.25	$275.00
Rubber (kilo)	59.5p	—0.75	60p
Sugar (Raw)	£213w	—3	£209.00
Wool'tps 64s Kl.	378p kilo	......	368p kilo

AMERICAN MARKETS

NEW YORK, July 9.

PRECIOUS METALS and copper rallied on trade buying encouraged by a major rally in financial instruments. Sugar rallied on active market inquiries by Japan. Coffee advanced sharply on *roaster interest.* Cocoa declined under heavy pressure of liquidation related Ivory Coast refusal to join the Inter*national Cocoa Agreement. Heating oil* rallied as local and professional traders liquidated their short positions. Grains and soyabeans *sold off sharply on* profit taking at the close, reported Heinold.

Copper—July 77.30 (74.90), Aug 78.30 (same), Sept 79.30-79.50, Dec 83.00-83.30, Jan 84.30, March 86.70, May 88.80, July 90.80, Sept 93.00, Dec 96.40, Jan 97.25, March 99.35, May 101.45.

*Gold—July 411.5 (403.2), Aug 413.8-417.0 (407.0), Sept 420.8, Oct 424.5-427.0, Dec 435.5-438.0, Feb. 447.0, April 457.8, June 467.0-470.0, Aug 479.0, Oct 489.7, Dec 500.6, Feb 511.5, April 522.5.

*Platinum—July 407.0 (393.5), Aug nil (nil), Sept nil, Oct 419.0-420.0, *Jan. 434.8, April 4501.1, July 465.9,* Oct 482.0.

Potatoes (round whites)—Nov 71.5-71.9 (73.8), Feb 79.0-79.2 (81.0), March 81.6-81.7, April 92.3-92.5. Sales: 1,084.

¶Silver—July 889.0 (867.3), Aug 898.0 (875.0), Sept 906.0-917.0, Dec 942.0-955.0, Jan 961.5, March 993.0, May 1,011.5, July 1,036.5, Sept 1,061.5, Dec 1,099.5, Jan 1,112.0, March 1,137.0, May 1,162.0. Handy and Harman bullion spot: 868.00 (829.00).

Sugar—No. 11: Sept 16.15-16.18 (15.68), *Oct* 16.30-16.33 (15.84), Jan 16.40, March 16.70-16.78, May 16.95-17.00, July 17.25, Sept 17.35, Oct 17.35-17.40. Sales: 7,750.

Tin—575.00-587.00 *(580.00-585.00).*

CHICAGO, July 9.

Lard—Chicago loose 30.25 (same).

Live Cattle—Aug 66.00-66.25 (64.92), Oct 63.12-63.05 (62.02), Dec 64.05-63.95, Feb 64.85-64.90, April 65.90-65.90, June 67.00.

Live Hogs—July 53.75-53.90 (53.15), Aug 52.20-52.30 (51.85), Oct 49.65-49.80, Dec 52.40-52.55, Feb 53.75-53.50, *April 53.37, June 56.00, July 56.00,* Aug 53.30.

‡‡Maize—July 342-343 (343), Sept $352\frac{1}{2}$-353 ($354\frac{1}{4}$), *Dec $362\frac{1}{2}$-$363\frac{1}{4}$,* March 376-$376\frac{1}{4}$, May 383-$383\frac{1}{4}$, July $386\frac{1}{2}$-387.

Pork Bellies—July 48.40-48.25 (47.32), *Aug 47.80-48.25 (47.25),* Feb 66.25-65.10, March 65.05-65.35, May 66.10, July 67.35, Aug 67.05.

†Soyabeans—July 732-733 (736), Aug 740-741 ($745\frac{1}{4}$), Sept $749\frac{1}{2}$, Nov $769\frac{1}{2}$-771, *Jan* 790-791, March $811\frac{1}{2}$-812, May $826\frac{1}{2}$-$827\frac{1}{2}$, July $840\frac{1}{2}$.

‖Soyabean Meal—July 208.0 (212.7), *Aug 209.7-209.5 (213.4),* Sept 213.0, Oct 215.0, Dec 222.5-222.8, Jan 226.5, March 233.5, May 235.5-236.5, July 239.0-239.5, *Aug* 239.5-240.5.

Soyabean Oil — July 23.42 - 23.45 (23.35), Aug 23.73-23.75 (23.63), Sept 24.18, Oct 24.60-24.55, Dec 25.25-25.30, Jan 25.60-25.65, March 26.30, May 26.90, July 27.50, Aug 27.50-27.60.

†Wheat—*July $394\frac{1}{2}$ ($408\frac{1}{2}$), Sept* 411-410 ($421\frac{1}{2}$), Dec 440-$439\frac{3}{4}$, March $461\frac{1}{2}$-462, May $474\frac{1}{2}$, July 482.

WINNIPEG, July 9.

§Barley—July 140.20 (140.00), Oct 134.20 (134.90), Dec 134.40, March 136.00, May 138.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per *dozen.* †† $ *per metric ton.*

Wednesday's closing prices

NEW YORK, July 8.

††Cocoa—July 1775 (1825), Sept 1848 (1869), Dec 1946, March 2008, May 2043, July 2072, Sept 2116, Dec 2166. Sales: 4,705 (3,352).

Coffee—"C" Contract: July 95.50-95.00 (95.00), Sept 92.00-92.75 (91.27), Dec 87.50-88.00, March 84.50, May 83.70-84.50, July 84.50, Sept 84.10-85.50, Dec 78.10-84.50. Sales: 2,020 (2,366).

Cotton—No. 2: July 78.55-79.20 (83.10), Aug 79.50-80.50 (81.50), Oct 77.70-77.85, Dec 77.00-77.10, March 78.50-78.55, May 79.75-80.00, July 80.85-81.05, Oct 79.50-79.55, Dec 78.50-79.00. Sales: 5,800 (5,440).

Heating oil (cents per U.S. gallon)—Aug 0.9243 (0.9241), Sept 0.9348 (0.9343), Oct 0.9484, Nov 0.9675, Dec 0.9865, Jan 1.0015, Feb 1.0160, March 1.0290, April 1.0375, May 1.0400, June nil, July 1.0325, Aug 1.0400. Turnover: 2,424.

Orange Juice—July 123.00 (121.30), Sept 127.50-127.70 (124.80), Nov 130.95-131.00, Jan 134.50, March 136.00-136.50, May 137.50-138.00, July 139.00-139.50, Sept 140.50-141.00, Nov 142.00-142.50. *Sales: 1,200.*

CHICAGO, July 8.

Chicago Inn Gold—July — (404.5), Aug 407.5 (408.0), Sept 412.0-411.0, Oct 416.6, Dec 427.0-427.3, Jan 432.0, March 442.0, April 447.8, June 458.4, July 463.8.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Sept 2385 (2355), Nov 2311 (2310), Jan 2345, March 2389, May 2422.

WINNIPEG, July 7.

EUROPEAN MARKETS

ROTTERDAM, July 9.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: July 207, Aug 211, Sept. 212. U.S. No. 2 Red Winter: July 154, Aug 158. U.S. No. 2 Northern Spring, 14 per cent: July/Aug 201, Sept 202, Oct 206.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn, Yellow: Afl 158, July/Aug 167.50, Sept 150, Oct/Nov 162.50, Dec 157, Oct/Dec 164.25, Jan-March 172.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports: Aug 286.50, Sept 298.50, Oct 304, Nov 305.50, Dec 311.50, Jan 317, Feb 322, March 327, April 331, May 335. Argentine: July 292, Aug 293.50 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 *per cent protein U.S. Afl.* 250, July 249.50, Aug 252.50, Sept 256.50, Nov/March 271 sellers. Brazil Pellets Afl 254, 253.50 traded, July 254.50, Aug 261, Sept 266, Oct 273.50, Nov/March 287 sellers.

PARIS, July 8.

Cocoa—(FFr per 100 kilos): July 1145 asked, Sept 1130-1150, Dec 1180 asked, March 1192-1210, May 1220-1235, July 1240-1260, Sept 1255-1270. *Sales at call: 2.*

Sugar—(FFr per tonne): Aug 2585-2600, Oct 2411-2415, Nov 2395-2420, Dec *2360-2370, March 2425-2435, May* 2445-2475, July 2450-2510, Aug 2480-2530. Sales at call: 7.

INDICES

FINANCIAL TIMES

July 8	July 7	Month ago	Year ago
254.79	253.97	252.45	268.23

(Base: July 1, 1952=100).

MOODY'S

July 8	July 7	Month ago	Year ago
1069.8	1067.4	1083.6	1166.3

(December 31, 1931=100)

DOW JONES

Dow Jones	July 8	July 7	Month ago	Year ago
Spot	381.16	371.70	383.98	415.36
Fut'r's	384.85	382.56	386.21	433.32

(Average 1924-25-26=100).

REUTERS

July 9	July 8	M'nth ago	Year ago
1801.6	1798.1	1756.3	1675.1

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

New index-linked Government stock sells out on debut
Other gilts tentatively better but equities fall again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Substantial institutional funds were lined up for investment in the new Treasury index-linked 2006 stock ahead of its market debut yesterday. After the previous day's disappointing level of subscriptions at tender, official supplies of the stock were exhausted by the demand and the opening of the Gilt-edged market was delayed by some 25 minutes while the situation was resolved. Applicants bidding 30¾ or above had their orders met in full and, on demand from unsuccessful bidders, the quotation went progressively higher to close at 32, compared with Wednesday's allotment price of £86 (£30-paid).

Treasury Index-linked 1996 attracted limited support in the wake but, at 93½, regained ½ of the previous day's four point fall. The more conventional Gilts found the going more difficult. Volatile initially and often slightly lower than Wednesday's depressed late levels, quotations were helped by the sell-out of the new index-linked issue. Medium life maturities did best with gains extending to ¾, but longer-dated stocks only managed improvements ranging to ⅜.

A surprising feature in the shorts was the Government broker's re-activation of the tap, Treasury 11½ per cent 1985, at 91, nearly three points below the equivalent last operational price; the stock closed in the market at 90⅞, up ⅛.

Institutional incentive for equities was further blunted by the investment opportunities currently offered in Government securities and by concern about the plight of British Petroleum's shares since the jumbo rights issue was launched. The possibility of large numbers of BP new shares overhanging the market was thought likely to inhibit interest and stifle any attempted recovery in leading shares. However, yesterday's opening prices proved to be the day's lowest in many cases. The FT Industrial Ordinary share index eased throughout much of the afternoon, but closed above the worst at 519.0, down 3.4, the day's fall owing much to a drop of 5½ to 62½p in Imperial Group on the disappointing interim statement.

Active trading in British Petroleum and Imps boosted contracts completed in Traded options yesterday to 3,034—the highest since late April. BP attracted 1,010 calls and 550 puts, while Imps recorded 345 calls on the interim results.

Memory and Electronic Components (Memec), which staged a spectacular market debut on Wednesday, again attracted considerable attention and, after opening around 4 higher, reacted to 189p before late support left the close 10 up at 204p for a premium of 64p on the offer price of 140p.

Insurances active again

Active conditions prevailed in Composite Insurances as talk of a pending dawn raid on Commercial Union continued to generate a lively two-way business. After opening a few pence lower at 170p, CU picked up to 175p before closing unchanged on balance at 174p. Other Composites, also easier at the outset, recovered to close with modest losses.

The major clearing banks continued to drift down in thin trading and ended with falls extending to 8, as in Midland, 322p. Merchant Banks displayed a couple of contrasting movements. Mercury Securities, still unsettled by the annual figures, shed 11 more to 248p, but Arbuthnot Latham rose 5 to 330p awaiting news of the bid approaches.

Scattered support was evident for recently drab Breweries. Whitbread, 158p earlier, closed 2 up on balance at 161p, while Scottish and Newcastle, at 61p, recovered the previous day's fall of 1½. Annual results from Greene King pleased and the shares, down to 262p in front of the announcement, rallied to end a net 4 dearer at 268p.

Blue Circle remained on offer, falling another 12 for a three-day fall of 30 to 466p. Other leading Building issues also trended lower, Tarmac shedding 4 to 372p and Taylor Woodrow 8 to 552p. Elsewhere, Montague L. Meyer, standing 3 cheaper awaiting the preliminary results, rebounded to 70p on the announcement that a dividend—albeit reduced—was to be paid, and the close was 2 dearer on balance at 68p. G. H. Downing reacted to 232p before closing a net 4 off at 236p following the lapsing of Hanson Trust's bid for the company; Downing is still in receipt of an agreed share exchange offer, currently worth 237p, from Steetley, 6 down at 193p. A. Monk put on 6 to 52p following the return to profitability and the increased dividend, but Brown and Jackson came under further pressure and dropped 6 to a 1980 low of 50p.

ICI, a depressed market of late on the chairman's gloomy forecast, rallied 6 to 268p, while Fisons moved up late to close 10 higher at 142p. British Benzol attracted further speculative buying and added 2 more to 26p, after 27p, on hopes of a full bid from Brint Investments which recently increased its stake in the company to 29.8 per cent.

Sonic Sound lower

Leading Stores remained subdued and movements were usually restricted to a penny or two either way, although W. H. Smith provided an exception and eased 4 to 148p. Polly Peck continued to react to profit-taking and shed 8 more at 325p, while Cornell Dresses dipped 5 to 153p. Sonic Sound fell 7 to 103p following the chairman's cautious comments on current trading which accompanied the interim statement. Other electrical retailers also trended easier with Comet, 128p, and Currys, 180p, losing 5 and 6 respectively. Greenfields Leisure closed 3 lower at 32p following the first-half loss and omitted dividend; the price shown in yesterday's issue was incorrect.

Leading Electricals followed the general pattern recovering from lower opening levels to close only a shade cheaper on the day. GEC ended only a couple of pence down at 720p, after 715p. Thorn EMI, awaiting today's preliminary statement, recovered 374p to close 5 dearer on balance at 385p, but in secondary stocks, Farnell fell 10 to 525p, Electrocomponents 20 to 750p and Eurotherm 7 to 293p. Berec, in contrast, encountered fresh demand and put on 6 more to 70p.

Among the Engineering leaders, Hawker reacted 10 to 318p and Vickers 5 to 150p. Against the trend in secondary issues, recovery hopes lifted Mitchell Somers 3 to 31p, while satisfactory preliminary figures lifted Braithwaite 8 to 123p. F. H. Lloyd firmed 2½ to 36½p following comment on Cooper Industries' stake in the company. In contrast, Matthew Hall, 200p, and Davy Corporation, 177p, both down 8, stood out in a fairly widespread setback elsewhere in the sector. Laird Group gave up 5 to 130p and RHP ended similarly lower at 74p, while Redman Heenan reacted 2½ to 53½p.

Foods passed another quietly dull session. Among the leaders, Rowntree Mackintosh, 162p, and Associated Dairies, 180p, shed 4 apiece. Elsewhere, Bejam came on offer and gave up 5 to 125p, while Kwik Save weakened 3 to 202p and William Morrison 4 to 166p. Profit-taking clipped another 10 from Hazlewood, 230p, while Watson and Philip lost 3 to 45p following the lower interim profits. Batleys of Yorkshire, however, hardened 2 to 60p in response to the increased annual profits and dividend.

Letraset below best

Leading miscellaneous industrials opened two or three pence lower, but rallied and final quotations were little changed. Elsewhere, Letraset moved ahead to 118p following rejection of the bid from Mills and Allen before reacting to close 3 up on balance at 112p. Vinten weakened 9 to 267p, while falls of a similar amount were marked against BTR, 320p, and Smiths Industries, 355p. Radiant Metal fell 5 to 58p on sharply lower annual profits, while poor preliminary results also left British Building 6 cheaper at 68p and Sothebys eased 8 to 475p after the interim statement. Sporadic offerings left Thomas Tilling, 180p, and Morgan Crucible, 91p, down 4 apiece. Ricardo fell 12 to 492p in a limited market along with Applied Computers, down 8 at 112p.

Among Newspapers, Daily Mail A, interim results due next Wednesday, fell 10 more to 410p. Rumours of a counter-bid in the offing lifted William Collins 10 to 238p, or 13 above the offer from News International, 3 lower at 110p.

Marked defensively lower at the outset, Properties attracted a few cheap buyers but closed near the day's lowest. Land Securities finished 6 off at 386p, after 385p, and MEPC 3 cheaper at 229p, after 228p. Peachey remained depressed and shed 4 more to 136p, while Hammerson A lost 10 to 625p and Haslemere Estates 6 to 394p. Against the trend, British Land hardened a penny to 89p; the preliminary results are due shortly. Law Land also added a penny, to 94p.

Candecca advance

Oils remained overshadowed by fears about the BP new shares. Quoted in partly-paid form yesterday, the shares opened at 130p and fluctuated narrowly before closing at 132p, while the old ended 4 down at 282p, after touching 278p at one stage. The more speculative issues made a rather mixed showing. Candecca staged a useful revival with a rise of 15 to 198p, the advance being accompanied by speculation about a favourable drilling report from the Brigg Humberside well.

An exceptionally active business developed in Imps following interim profits which fell far below market expectations; worries about the maintenance of the final dividend also unsettled sentiment and the shares fell 5½ to a five-year low of 62½p. Bats shed 10 to 345p.

Plantations were dull. Boustead shed 6 more to 152p, while similar losses were noted in Warren, 210p, Malakoff, 132p, and Harrisons Malayan Estates, 206p.

Golds surge ahead

South African Golds staged a stron gadvance in the wake of the bullion price which closed $8 firmer at $406 an ounce.

The sharemarket got off to a bright start as overnight American buying was followed in London and was quickly joined by sizeable lccal and Continental demand. Consequently, share prices raced ahead aggravated by stock shortage. The shortage was alleviated in the later afternoon when prices turned easier and closed a shade below the day's best on profit-taking. Nevertheless, the Gold Mines index jumped 20.9 to 314.1—its biggest one-day gain since early April.

South African Financials made good progress in line with Golds. Rand Mines Properties were requoted at 315p following the agreed takeover bid by Transvaal Consolidated Land.

Ireland's Silvermines continued to reflect the recent weakness of Aran Energy and dipped 9 more to a 1981 low of 85p. In Diamonds, De Beers advanced 12 to 382p following the half-year diamond sales figure.

Australians remained under pressure as overnight Sydney and Melbourne markets continued to lose ground. Among the leaders, Bond Corporation dropped 14 to 204p, CRA and MIM Holdings 8 apiece to 240p and 239p respectively and Western Mining 5 to 305p.

The speculative stocks sustained further heavy losses with 1981 lows registered in International Mining, 22p, Jimberlana, 43p, Leichardt, 38p, and Southern Pacific, 27p. Dealings in Northern Mining were suspended, as in Australia overnight, following the bid approach from Endeavour; the latter were suspended on Wednesday.

FINANCIAL TIMES STOCK INDICES

	July 9	July 8	July 7	July 6	July 3	July 2	A year ago
Government Secs.	64.00	63.81	64.76	64.87	65.51	65.51	70.71
Fixed Interest	66.15	66.75	66.97	67.04	67.36	67.46	71.92
Industrial Ord.	519.0	522.4	529.5	540.8	548.0	545.9	489.4
Gold Mines	314.1	293.2	295.1	286.6	290.8	279.8	361.7
Ord. Div. Yield	6.15	6.11	6.03	5.91	5.83	5.82	7.40
Earnings, Yld. %(full)	12.35	12.27	12.11	11.87	11.71	11.61	18.00
P/E Ratio (net) (*)	10.09	10.15	10.29	10.50	10.64	10.75	6.74
Total bargains	18,915	18,646	20,338	19,521	17,778	17,655	25,425
Equity turnover £m.	—	138.57	120.27	114.33	105.67	111.14	167.71
Equity bargains	—	15,022	16,148	15,611	14,820	186.54	21,194

10 am 518.7, 11 am 518.6, Noon 519.6, 1 pm 519.8, 2 pm 519.3, 3 pm 518.4.

*Nil=8.34.

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	63.81 (8/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (29/5)	66.15 (9/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 8	July 7
—Daily Gilt Edged Bargains	167.7	170.3
Equities Bargains	97.3	104.6
Value	280.1	243.1
5-day Avrge. Gilt Edged Bargains	156.6	153.7
Equities Bargains	100.1	101.4
Value	238.5	224.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (20)

BRITISH FUNDS (1)
Exch. 3 pc '81

FOREIGN BONDS (1)
Antofagasta Rly.

AMERICANS (3)
Bendix Crpn. Exxon
Conoco

CANADIANS (4)
Bell Canada Hudson Bay Oil Gas
Bow Valley Trans Can. Pipe

BEERS (1)
Young and Co. Brewery

BUILDINGS (1)
Breedon Cloud Lime

CHEMICALS (1)
Brit. Benzol

ENGINEERING (1)
Brown and Tawse

INDUSTRIALS (1)
Letraset

INSURANCE (2)
Combined Intnl. Sun Life

TEXTILES (1)
Toray

TRUSTS (1)
Lazard Stlg. Res.

OILS (1)
Gaelic Oil

MINES (1)
Beralt Tin

NEW LOWS (95)

CORPORATION LOANS (4)
LOANS (9)
FOREIGN BONDS (2)
BANKS (1)
BUILDINGS (2)
CHEMICALS (1)
DRAPERY AND STORES (4)
ELECTRICALS (2)
ENGINEERING (9)
FOODS (1)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (1)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (2)
PROPERTY (7)
TEXTILES (1)
TOBACCOS (1)
TRUSTS (10)
OIL AND GAS (14)
OVERSEAS TRADERS (2)
MINES (6)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	—	21
Corpns. Dom. and Foreign Bonds	4	38	27
Industrials	103	562	703
Financial & Props.	21	342	134
Oils	14	49	30
Plantations	3	4	16
Mines	71	39	57
Others	60	63	66
Totals	350	1,035	1,054

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Ang. Am. Gold	£41½	+ 2⅝	GEC	720	− 2
Blue Circle	466	−12	Imperial Group	62½	− 5½
British Aerospace	225	—	Letraset	112	+ 3
Buffels.	£16⅝	+ 1⅜	Lucas	194	− 4
Commercial Union	174	—	Memec	204	+10
Driefontein	£13⅝	+ 1⅜	Western Deep	£20⅝	+ 1⅜

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
BP New	22	10pm	− 8	Tube Invs.	12	140	+ 8
Memec New	21	194	—	Bulmer (H. P.)	11	237	+21
GEC	17	722	−11	Comm. Union	11	174	− 1
IC Gas	17	178	−15	LASMO	11	520	− 2
Letraset	17	109	+22	Racal	11	413	− 3
Mills & Allen	14	435	−20	Shell	11	338	− 2
Royal Ins.	12	372	− 9	Thorn EMI	11	380	− 4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16

For rate indications see end of Share Information Service

Call options were arranged in Grand Metropolitan, Premier Oil, ICI, Fisons, Aran Energy, Town and City Properties, BP, Lonrho, Tozer Kemsley and Millbourn, FNFC, Suter Convertible, Imps, Ibstock Johnsen, Sovereign Oil, Burmah, Tubes, Leyland Paint and Hong Kong Land. Puts were done in Trafalgar House and Mersey Docks, while doubles were taken out in Lucas and Commercial Union.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., July 9, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. July 8 Index No.	Tues. July 7 Index No.	Mon. July 6 Index No.	Fri. July 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	343.31	−1.2	10.77	4.57	11.45	347.50	349.76	356.10	359.31	272.64
2	Building Materials (25)	297.05	−1.2	13.62	5.85	8.93	300.56	301.93	309.35	309.02	258.49
3	Contracting, Construction (28)	538.23	−2.0	17.63	5.26	6.59	549.09	550.47	560.75	563.85	403.88
4	Electricals (29)	1128.96	−0.6	8.14	2.43	15.03	1135.74	1146.71	1161.67	1175.46	759.60
5	Engineering Contractors (11)	486.01	−2.2	12.26	5.55	9.83	497.12	497.12	503.73	505.95	328.91
6	Mechanical Engineering (69)	204.48	−1.3	13.05	5.85	9.63	207.25	208.50	212.73	215.41	180.17
8	Metals and Metal Forming (13)	143.27	−1.8	11.21	8.29	11.80	145.90	147.96	151.90	152.45	170.81
9	Motors (21)	98.43	−1.1	3.84	7.09	117.63	99.54	100.85	102.18	103.94	102.81
10	Other Industrial Materials (18)	368.33	−2.1	9.92	5.43	12.09	376.35	375.61	384.34	387.81	0.00
21	CONSUMER GROUP (195)	271.93	−0.7	13.12	5.87	9.34	273.76	276.51	281.65	284.46	237.78
22	Brewers and Distillers (20)	302.41	+0.6	15.16	6.37	7.85	300.75	305.46	310.96	316.09	304.29
25	Food Manufacturing (21)	255.50	−0.9	15.30	6.49	7.86	257.69	259.05	263.83	265.99	216.36
26	Food Retailing (14)	515.58	−1.5	9.59	3.44	12.41	523.48	528.38	540.63	545.13	330.48
27	Health and Household Products (7)	331.59	−0.2	8.31	4.41	14.34	332.40	337.04	344.26	346.59	229.87
29	Leisure (22)	412.83	−0.4	11.88	5.12	10.29	414.59	416.21	425.16	430.52	345.93
32	Newspapers, Publishing (12)	488.89	−0.4	12.73	6.12	11.17	490.67	491.22	498.73	502.50	452.81
33	Packaging and Paper (13)	140.55	−1.4	14.94	7.53	7.95	142.59	143.92	147.04	149.74	136.52
34	Stores (44)	250.72	−0.2	11.58	5.27	11.51	251.28	253.62	257.22	259.11	225.30
35	Textiles (23)	156.13	−0.8	8.00	5.87	17.66	157.45	159.11	161.34	163.63	140.24
36	Tobaccos (3)	245.84	−4.1	23.52	10.09	4.88	256.28	260.45	266.68	268.26	229.25
39	Other Consumer (16)	295.03	−1.1	5.51	6.44	34.32	298.32	295.69	301.84	301.33	0.00
41	OTHER GROUPS (79)	222.52	−0.1	13.40	6.81	9.09	222.76	224.97	228.80	230.25	227.01
42	Chemicals (15)	274.56	+1.4	11.84	7.56	10.56	270.67	277.70	283.71	285.39	322.83
44	Office Equipment (6)	115.55	−0.9	15.94	7.25	7.40	116.65	115.22	116.41	117.08	113.16
45	Shipping and Transport (13)	538.43	−1.1	16.39	7.05	7.16	544.68	543.30	551.28	555.32	508.34
46	Miscellaneous (45)	289.80	−1.2	13.38	5.76	9.14	293.25	294.13	298.38	300.32	277.13
49	INDUSTRIAL GROUP (488)	289.36	−0.8	12.26	5.49	10.01	291.70	294.24	299.60	302.34	250.96
51	Oils (12)	653.38	−0.9	25.68	8.79	4.32	659.05	672.16	678.81	708.27	797.03
59	500 SHARE INDEX	318.94	−0.8	14.44	6.03	8.25	321.55	324.92	330.40	335.26	294.26
61	FINANCIAL GROUP (118)	259.18	−1.0	—	5.64	—	261.89	265.77	268.82	271.08	228.78
62	Banks (6)	266.84	−1.3	34.36	6.80	3.39	270.49	275.03	275.44	276.84	239.84
63	Discount Houses (10)	274.68	−0.1	—	8.21	—	274.84	278.05	285.29	284.78	270.47
64	Hire Purchase (3)	251.76	+0.2	12.16	7.22	11.38	251.21	251.82	259.72	259.72	258.49
65	Insurance (Life) (10)	263.87	−0.6	—	5.73	—	265.49	267.75	271.88	273.18	223.17
66	Insurance (Composite) (9)	172.09	−0.4	—	7.40	—	172.75	176.35	178.46	179.40	153.27
67	Insurance Brokers (8)	389.54	−0.4	11.46	5.96	11.85	391.26	397.16	407.26	408.57	334.70
68	Merchant Banks (13)	168.40	−1.9	—	5.04	—	171.71	172.53	178.17	179.27	133.62
69	Property (49)	464.82	−1.4	3.88	2.97	35.59	471.43	478.14	483.58	492.89	426.13
70	Miscellaneous (10)	173.58	−1.3	18.59	5.92	6.54	175.86	177.69	179.05	179.21	139.22
71	Investment Trusts (109)	303.67	−1.8	—	5.20	—	309.30	310.31	315.45	316.73	261.12
81	Mining Finance (3)	239.01	−0.3	14.66	5.72	8.01	239.69	241.76	244.85	246.52	244.69
91	Overseas Traders (20)	428.68	−1.1	11.96	6.95	10.42	433.48	438.24	447.30	450.89	405.24
99	ALL-SHARE INDEX (750)	307.37	−0.9	—	5.91	—	310.20	313.55	318.48	322.49	281.81

FIXED INTEREST

	PRICE INDICES	Thur. July 9	Day's change %	Wed. July 8	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.13	+0.13	107.02	0.03	5.20
2	5-15 years	102.86	+0.45	102.40	—	6.38
3	Over 15 years	103.86	+0.32	103.53	—	7.78
4	Irredeemables	115.05	+0.12	114.92	—	7.43
5	All Stocks	104.39	+0.39	104.00	0.01	6.40
6	Debentures & Loans	81.38	−1.52	82.64	—	5.43
7	Preference	61.68	−2.46	63.24	—	3.69

	AVERAGE GROSS REDEMPTION YIELDS		Thur. July 9	Wed. July 8	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.70	12.76	11.46
2		15 years	13.33	13.38	11.43
3		25 years	13.55	13.60	11.43
4	Medium Coupons	5 years	14.80	14.86	12.92
5		15 years	15.33	15.39	12.93
6		25 years	14.90	14.96	12.87
7	High Coupons	5 years	14.85	14.97	13.03
8		15 years	15.58	15.55	13.29
9		25 years	15.10	15.12	13.21
10	Irredeemables	†	12.83	12.84	11.12
11	Debs & Loans	5 years	15.88	15.55	13.78
12		15 years	15.91	15.62	13.78
13		25 years	15.94	15.69	13.78
14	Preference	†	16.13	15.72	14.89

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£23½	−⅜	Q$1.40	—	3.1	—
§35	F.P.	22/7	37	28	AlliedResidential 10p	28	−1	b2.45	2.0	12.5	5.8
—	F.P.	—	140	137	Bonusbond	137	−3	—	—	—	—
Ir£0.58	F.P.	19/6	40	26	✻Bula Resources	29	+3	—	—	—	—
§85	F.P.	24/6	140	105	✻Business Comp Syst	110	......	u1.0	6.7	1.3	16.2
75	F.P.	17/7	91	79	Cambridge Elec.	86	......	b3.7	2.8	6.2	8.7
‖	F.P.	—	25	19	††Energy Sources	19	−1	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6½	−½	—	—	—	—
§10	F.P.	27/5	14	12	F'st Charlotte Ast Tst	12	−1	—	—	—	—
§10	F.P.	—	21	17	✻ICC Oil services	21	+1	—	—	—	32.1
95	Nil	7/8	85	69	KCA Drilling	69	−1	b3.75	1.7	7.8	8.9
140	F.P.	—	204	194	Memec 10p	199	+5	b30	2.3	2.1	28.3
§12	F.P.	—	640	585	Mexico Fund	595		—	—	—	—
§51	F.P.	20/7	69	61	✻M'film R'prograph.	65	......	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	100	......	—	—	—	—
‖	F.P.	—	£37	£30½	Norsk Data	£31	−2	Qh3.5%	3.8	0.4	28.2
§44	F.P.	30/6	58	40	✻Selec TV	40	−1	—	—	—	—
§83	F.P.	17/7	90	80	✻Stanelco	82	−3	—	—	—	25.1
§155	F.P.	3/8	205	190	✻Star Computer	200	......	2.0	4.3	1.4	28.9
§90	F.P.	31/7	98	92	✻Trident Comp.Serv.	98	+2	bd1.5	4.0	2.2	16.4
§80	F.P.	14/7	91	85	✻UnitedCeramicDist	87	......	b4.8	1.9	6.9	10.0
100	Nil	15/7	4pm	1pm	Utd. Comp. & Techgy	1pm	−1	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	96	......	u0.75	6.3	1.1	16.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	103	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	103	−3
100‖	F.P.	22/7	103½	95	BOC 9% Cnv. Uns. Ln. 2001-6	100	−½
¶¶	F.P.	26/6	32½p	16p	BPC 7.75% Non. Cum. Prf.	31½p	−1
99.87	F.P.	16/7	99⅝	96¼	Finland 14½% Ln. 1986	96¼	−¼
98½	£25	—	28⅜	25	Inco 15¾% Uns. Ln. 2006	25	−¼
¶97	£10	—	10	9	Mid-Kent Water 9% Red. Prf. 1987	9	−¾
¶100	F.P.	28/8	98½	97	Mid-Southern Wat. 9% Red. Pref. '86	97	−½
‖	Nil	17/7	4½pm	1pm	Mount Charlotte 9½% Cnv. Ln. 1995-2000	1pm	−½
99	F.P.	27/8	99	91	Newcastle Water 7¾% Red. Pref. 1986	91	−3
••	F.P.	10/7	92	89½	Photax 11% Cum. Pref.	89½	......
100‖	Nil	23/7	9pm	1pm	Prop. Hld. & Inv. Tst. 8½% Cnv. Ln.	1pm	−2
¶98	F.P.	28/8	79½	91½	Sund. & S. Shields Water 8% Red. Prf. '87	91½	−1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p‡	+ or −
190	F.P.	6/7	4/9	236	222	AGB	233	−1
190	F.P.	1/6	13/7	234	207	Barratt Devs.	221	−5
45	Nil	25/7	28/8	9pm	5pm	Brengreen	5pm	−1½
275	125p	13/7	3/12	171pm	130pm	B.P.	132	......
600	F.P.	19/6	15/7	£11½	550	Comm. Bk. of Near East	£11½	......
165	F.P.	3/7	7/8	191	178	Crouch (D)	178	−4
150	F.P.	17/6	15/7	170	152	Elbar	170	......
375	Nil	10/7	73/8	410½	400	English Association	405	......
30	F.P.	6/7	7/8	87	76	Euro Ferries	85	+1
55	F.P.	12/6	11/8	68	63½	Fine Art	64	−3
255	Nil	13/7	10/8	125pm	84pm	Flight Refuelling	98pm	−5
90	Nil	10/7	21/8	42pm	31½pm	Geers Gross	38pm	......
280	F.P.	17/6	24/7	345	269	G.R.E.	328	−6
103	P.P.	—	—	109	66	Hong Kong & Shanghai Bk.	104	−1
205	F.P.	8/6	24/7	270	247	Horizon Travel	249	−6
315	F.P.	26/6	7/8	345	330	Lyle Shipping	330	−2
70	F.P.	17/6	24/7	82	72	Northern Engineering	79	−1
50	F.P.	9/7	12/8	73pm	65pm	Old Swan Hotel (H'gate)	65pm	......
60	F.P.	26/5	7/8	69	62	Second City Props	66	−1
6	P.P.	6/6	21/9	11½	6½	Sterling Credit	8½	−1½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or Partly-Paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd. [illegible]
Clive Gilt Fd. (C.I.) [illegible]
*Prices on July 9. Next dealing July 16.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. [illegible]

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. [illegible]

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) [illegible]
Valued weekly Wednesday.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 196.2 209.9 −3.1 3.16

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
[illegible]

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	65.3	70.2	+0.2	2.07
Abbey Capital	38.9	52.9	-0.9	4.16
Abbey General	57.9	62.6	-1.0	4.69
Abbey Gilt & F.I. Tst.	97.8	102.9	-2.1	12.73
Abbey Income	37.3	40.3	-0.5	8.71
Abbey W'w.Bd.Tst.	95.9	101.5	+0.1	6.60
Abbey Inv. Ts. Fd.	53.4	57.7	-1.1	4.16
Equitas Prog. Tst.	82.7	89.4	-1.0	4.59

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	82.7	87.8	----	12.90

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	90.8	97.2	-1.5	5.76
Brit. Inds. Fund	77.8	82.4	-1.2	6.19
Growth & Income	51.9	55.5	-0.8	4.50
Elec. & Ind. Dev.	46.5	49.8	-0.9	5.02
Allied Capital	100.0	107.0	-1.6	4.11
Hambro Fund	133.6	143.0	-2.0	5.61
Hambro Acc. Fund	190.3	203.6	-2.8	4.05

Income Funds

High Yield Fd.	68.8	73.6	-0.8	8.15
High Income	82.8	88.6	-1.1	7.22
Equity Income Fd.	47.7	51.0	-0.6	7.18
Govt. Secs.	23.7	24.3	-0.2	12.76

International Funds

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.4	38.6	-0.4	11.78
North American	70.5	76.2	+0.3	2.24
Canadian Exempt*	78.6	83.1	----	2.77
Canadian Trust	72.0	77.8	-0.2	2.27
Mid Mount High Inc*.	48.8	51.6	----	9.34
Recovery	58.0	63.3	-0.8	6.79
Gilt Trust	39.7	41.6	-0.4	13.94

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	47.7	51.5	+0.6	0.49
Cres. Internat'l.	95.6	103.2	+0.6	1.45
Cres. High. Dist.	44.5	48.0	-0.3	9.38
Cres. Reserves	51.9	56.0	-0.9	5.36
Cres. Tokyo	43.6	47.0	+0.2	0.27

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.7	25.1	----	8.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. June 26	256.9	274.0	----	4.84

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0	----	7.48
Gt. Winchester O'seas	30.5	33.8	----	2.98

For Emson and Dudley see Robert Fraser Tst. Mgmnt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	92.9	97.7	-1.3	4.49

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	42.5	45.8	-0.1	0.43
Amer. Spec. Sits. (z)	31.6	34.0	+0.1	0.30

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP.

Local Authorities' Mutual Invest. Trust
77, London Wall, EC2N 1DB.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
98¾	93¾	Exch. 3pc 1981	95¾	+⅛	3.08	12.06
99⅝	99⅛	Treas. Variable '81‡‡	99¾	.....	12.52	12.99
100⅝	99¾	Exch. 12¾pc 1981‡‡	99¾	.....	12.78	13.10
97⅞	95⅝	Treas. 8½pc '80-82‡‡	97¾xd	.....	8.70	13.09
95⅜	91⅞	Treasury 3pc '82‡‡	95⅛xd	.....	3.15	12.66
107	100½	Treasury 14pc '82‡‡	100¾	.....	13.90	12.66
99½	98¾	Treas. Variable '82‡‡	99⅞	.....	12.55	13.09
96⅞	93⅝	Treasury 8¼pc '82	95¾	+⅛	8.62	12.97
96⅝	93⅜	Exch. 9¼pc 1982	95⅛	+⅛	9.72	13.66
95⅛	92⅜	Exch. 8¾pc 1983	94¼	+⅛	9.28	13.09
89¼	84⅞	Exch. 3pc 1983	88¾	.....	3.38	10.73
99⅜	96⅛	Treasury 12pc 1983‡‡	96½	+⅛	12.44	14.34
99⅛	96¾	Treas. Variable '83‡‡	99⅛	.....	12.60	13.02
94⅛	91¼	Treasury 9½pc '83	92⅜xd	+⅛	9.99	13.55
101⅞	98¼	Exch. 13½pc '83	98⅝	+⅛	13.69	14.13
94⅛	91¼	Exch. 10pc 1983	92	+⅛	10.87	13.97
87¼	84½	Funding 5½pc '82-84‡‡	87xd	.....	6.32	11.59
96¼	92⅞	Exch. 11¼pc 1984	93⅛	+⅛	12.08	14.46
103⅜	98¾	Exchequer 14pc 1984	99	+¼	14.14	14.40
81	78½	Exch. 3pc 1984	81	+⅛	3.70	10.69
98⅜	93⅞	Treasury 12pc 1984	94⅛	+¼	12.75	14.28
107¼	101¼	Treasury 15pc 1985	101⅜	+⅛	14.80	14.44
98⅞	92¾	Exch. 12pc Cnv. '85	92⅞	+⅛	12.92	14.52
75¾	73¼	Treasury 3pc 1985	75	.....	4.00	11.13
96⅛	90¾	Treasury 11½pc 1985●	90⅞	+⅛	12.65	14.56
98⅞	92¾	Exch. 12¼pc 1985	92¾	.....	13.21	14.50
97⅛	90¾	Exch. 11¾pc '86	90¾	.....	12.95	14.54
70⅛	68¾	Treasury 3pc 1986●	69⅛	.....	4.34	11.45
[illegible]	91¼	Treasury 12pc '86	91½	.....	13.13	14.50

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Australian

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

PROPERTY

INSURANCE

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or -	Div. Net	Cvr	Y'ld Gr's
175	142	Anglo-Dominion	142	-13	—	—	—
55	40	Barymin	47	-3	—	—	—
25½	14	Burma Mines 10p	19	.....	0.75	0.9	5.6
330	180	Colby Res. Corp.	265	.....	—	—	—
275	200	Cons. Murch. 10c	230	.....	1030c	1.8	7.5
98	60	††Hemerdon 10c.	60	.....	—	—	—
189	135	Highwood Res.	145	.....	—	—	—
400	300	Northgate C$1	335	.....	—	—	—
580	372	R.T.Z.	510	-5	16.0	3.2	4.5
£125	£93½	Do.9¾%Cu.Ln.'95-2000	£115	.....	Q9½%	—	†8.2
•51	32	††SPO Minerals 10p	32xr	.....	—	—	—
47	27	Sabina Inds. C$1.	29	+1	—	—	—
44	28	††SWCM 10p	36	+1	—	—	—
555	465	Tara Expln. $1	550	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or -	IRISH	Price	+ or -
Albany Inv. 20p	43	.....	Conv. 9% '80/82	£91½	.....
Bertam	13	+1	Nat. 9¾% 84/89	£69	-¼
Bdg'wtr. Est. 50p	480	.....	Fin. 13% 97/02	£79¾	.....
Craig & Rose £1	£12½	.....	Alliance Gas	69	-1
Finlay Pkg. 5p	22	.....	Arnott	235	.....
Graig Ship. £1	£28½	-½	Carroll (P.J.)	85xd	-2
Higsons Brew	79	.....	Concrete Prods.	93	.....
Holt (Jos) 25p	480	.....	Heiton (Hldgs.)	39	.....
I.O.M. Stm. £1	158	.....	Ins. Corp.	400	.....
Pearce (C. H.)	800	-50	Irish Ropes	45	.....
Peel Hldgs.	100	.....	Jacob	59	.....
Sheff. Refrshmt	97	.....	T.M.G.	16	.....
Sindall (Wm.)	195	.....	Unidare	100	.....

OPTIONS

3-month Call Rates

Industrials					
Eagle Star	25	R.H.M.	[illegible]	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	Mines	
Grand Met.	18	Thorn EMI	38	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	45
Guardian	30	Tube Invest.	18	Lonrho	9
G.K.N.	15	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday July 10 1981

OECD warns of 20% youth jobless

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONE IN FIVE young people in the UK aged under 25 are likely to be unemployed next year, the Organisation for Economic Co-operation and Development warns in its assessment published today.

The OECD, the Paris-based economic secretariat of the industrialised world, says youth unemployment rates could be over 20 per cent in 1982 in France, Italy and the UK. At present registered unemployment in the 16 to 24 age group in the UK is about 14 per cent.

This politically highly charged forecast is accompanied by a generally gloomy assessment of the outlook for the UK economy in the next 18 months. Only a modest recovery in output is expected next year. Total unemployment is likely to continue to rise and the current account of the balance of payments is expected to move back into deficit.

Real Gross Domestic Product is projected to rise by only ½ per cent next year after falling by 1½ per cent this year. This profile is probably slightly flatter than the output pattern expected by the Treasury.

The latter may be more optimistic about the possible fall in the savings rate, about the level of consumer spending and about the chances for a recovery in manufacturing investment next year.

A decline in the annual rate of consumer price inflation from 11½ per cent now to less than 8½ per cent by the end of 1982 is probably rather more optimistic than the current Whitehall thinking. This is because the projections were made before the latest fall in sterling.

The OECD warns that total UK unemployment including school leavers (the "headline" figure) may exceed 3m before the end of 1982.

This figure may be reached this month or next, partly because of a statistical distortion resulting from the civil service dispute.

The Department of Employment announced yesterday that the emergency procedures for the payment of benefit would artificially raise "perhaps by a substantial amount" the registered unemployment total counted yesterday and due to be published on Tuesday week, July 21.

This may add 100,000 people to the register who have got jobs or are not looking for work.

In addition, there is usually a seasonal rise of 90,000 between June and July while, judging by last year's figures, there could be 100,000 extra unemployed school leavers. This would be on top of a underlying rise in the adult, seasonally adjusted, total of perhaps 40,000 to 50,000 a month.

The overall result could be to push the "headline" figure from the mid-June figure of 2.68m up to near 3m.

The Government clearly made the annoucement yesterday to try to provide some advance warning. The "headline" total might anyway rise to nearly 3m in mid-August because of the flow of school leavers onto the unemployment register.

The civil servants' dispute is resulting in delays in the notification of the end of a period of unemployment and in the cancellation of the corresponding registration at the employment office.

No estimate has been given but usually about 40 per cent of the 275,000 people leaving the register each month are taken off because they find jobs and do not return to sign within the month. Since June this has not been happening.

£150m relief scheme for unemployed

ELINOR GOODMAN AND PETER RIDDELL

THE GOVERNMENT is planning to announce before the summer parliamentary recess a new package of measures to alleviate the immediate youth unemployment problem.

This is intended to take some of the heat from the unemployment figures if the overall total reaches 3m this summer.

The short-term package is almost certain to involve an increase of at least £150m in spending to enable the Government to repeat its pledge to offer all school leavers some type of job or training before Christmas.

In the longer-term Mr James Prior, the Employment Secretary, has circulated his colleagues with detailed proposals covering the period till the election which could add as much as £750m spread over 1982-83 and 1983-84 to the £1bn special measures and training budget.

The full programme will be considered in relation to the wider public spending review now under way so only an interim statement is likely before the recess.

The full Cabinet will have a preliminary look later this month at the broad balance of public spending for next year though the main decisions will not be taken until the end of October and November.

The Treasury has not yet formulated detailed proposals but is likely to highlight the implications of the pressure for extra expenditure on hopes of achieving tax cuts next year.

Treasury ministers are sticking to their aim of cuts in some progammes to offset additional spending elsewhere and to finance tax cuts, if possible.

Apart from adidtional spending on employment measures, there is already pressure for extra expenditure on inner city areas and on capital investment in nationalised industries. Spending Ministers in other departments are strongly resisting cuts in their programmes.

After this discussion the Government is likely to provide some guidance in broad terms to local authorities about the planned level of their spending next year.

A major factor in the overall spending decisions will be Mr Prior's long-term plans. He has put forward a number of options including (1) the creation of about 42,000 jobs through an increase in the Youth Opportunities Programme; (2) a new job relief scheme open to men at 63 years; (3) the idea that men should be given the option of retiring at 60 and being paid some new long term form of supplementary benefit; and (4) an increase in the amount of money for apprentice training.

Some savings would be achieved by not having to pay unemloyment and other benefits while the existing short-time working temporary compensation scheme might be dropped.

Japanese to restrain vehicle sales in UK

By Charles Smith in Tokyo and Kenneth Gooding in London

BRITAIN'S motor manufacturers emerged yesterday from the toughest-ever round of talks with their Japanese counterparts reasonably satisfied with the outcome.

"We have a good understanding about the level of Japanese car sales in Britain this year and got almost what we wanted in respect of light commercial vehicles," the UK Society of Motor Manufacturers and Traders said.

The signs were that the Japanese would limit their car market share to under 11 per cent and try to reduce their commercial-vehicle registrations to what the British consider a more reasonable level than the present 17 per cent.

There is no doubt, however, that the talks in Sapporo, Japan, the 11th in a series since 1975, were among the most difficult so far.

The British at one point threatened to break off discussions on an industry-to-industry basis and to ask the UK Government to work out an agreement on Japanese vehicle-export restraints.

The bargaining went on for three days instead of the two planned. Discussions on the second day lasted 17 hours.

It has been agreed, however, that further talks between the two industries at top level will take place before the end of this year.

Officials from the Japanese Automobile Manufacturers Association apparently rejected a demand that Japan reduce this year's car shipments to the UK by an amount corresponding to its "excess" sales in 1980.

The Japanese accounted for 11.9 per cent of the UK new car market last year although the British interpretation of the informal agreement was that their penetration would not exceed 11 per cent.

According to Japanese exporters the 11 per cent limit was breached because of an unexpectedly sharp fall in total UK car registrations.

Japan is committed to staying within the 11 per cent share this year even though in the first six months it was marginally over the limit, at 11.34 per cent.

Car shipments to the UK from Japan are being more closely monitored this year. There have been staff-level meetings between the two industries as well as bi-annual talks between the presidents of the SMMT and JAMA.

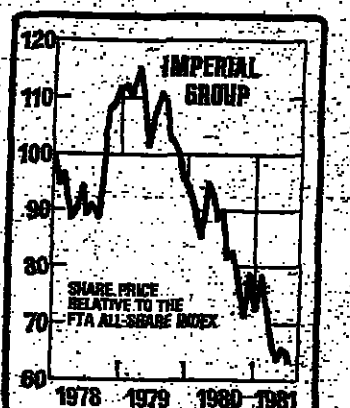
A similar monitoring of light commercial vehicle shipments is to take place. Staff will meet shortly to work out a formula for restraint.

THE LEX COLUMN

Imps' earnings in the ashtray

The Bank of England's summer gilt-edged sale, which began with a bang on Wednesday, saw a roaring trade yesterday. Old age pensioners, who were widely rumoured to have no money, cleared out the index-linked showrooms, while down on the ground floor Treasury 11½ per cent 1985, the object of a special offer in May, joined the select band of merchandise on which the manufacturer's recommended price has been cut twice.

Index fell 3.4 to 519.0



Imperial group

The Imperial twilight is deepening. Yesterday the announcement of interim profits down from £70.7m to £29.7m pre-tax coincided with the abrupt departure of the relatively new chairman. The dividend has been held but the market's concern over the final payout is eloquently shown by the yield of nearly 17½ per cent on the shares at a five-year low of 62½p.

Every penny of duty on a packet of cigarettes and every cent off the value of the pound put Imps' decision to look for non-tobacco earnings in the U.S. in a better light. But Howard Johnson's performance is very disappointing, even making allowances for the heavy depreciation it carries. The summer season is said to have started off strongly, but it will have to be extremly good to make up for a £10m loss after financing costs in the six months to April.

Imps' food business remains an intractable problem—£2m of trading profit on £574m of sales after an £8m loss in poultry. Even before the budget put 14p on a packet of cigarettes, the tobacco market had been passing through a very competitive phase, and a £12m jump in promotional costs combined with a loss in volume after the budget explain the halving of tobacco trading profits to £26m. Now the tenuous upturn in volume during May and June is threatened by the further 3p rise in duty: Imps is holding its prices for another month, but they will then be raised, which may mean giving up another point or so in market share.

The best news is from Courage, where beer volume looks good in comparison with a rather disrupted period in 1979-80, and increasing operational efficiencies are paying for some successful promotion. The new chairman must now be expected to bring the sort of management style he has employed in the brewing division to a group where great stretches of the business are earning next to nothing and there is £50m a year in interest to be paid. This year Imps' earnings on a full tax charge are unlikely to cover the £52m net dividend. But unless things are even worse than they appear, the odds are probably slightly on a maintained final, if only on the grounds that the shareholders can make the best use of the money.

Sotheby

The word from New Bond Street is that Sotheby's finest objects are selling well, but the lower priced items are getting a mixed reception. On top of this slower market, expansion on both sides of the Atlantic is pushing up financing costs, and interim pre-tax profits are down from £4.8m to £4.3m.

The North American market now accounts for half the group's auction sales, and is growing twice as fast as the UK's 10 per cent rate. In dollar terms U.S. profits could still be down this year, but of course the exchange rate is going in Sotheby's favour.

Trends in the market place, combined with higher U.S. interest rates, suggest the group could be on a profits plateau for a while. At 475p, down 8p yesterday, the shares yield a prospective 3.8 per cent compared with nearly 5 per cent for Christie's, but long-term prospects still seem better at Sotheby's.

Tesco

Like Debenhams, Tesco would prefer its shareholders to look at the balance sheet rather than the profit and loss account. The annual report shows that Tesco's property assets have been revalued to a juicy £425m, raising net worth to 116p a share, against a market price just over half that at 62p. Against this kind of figure, net borrowings of £63m at the February year-end seem trivial indeed.

But the cash flow picture, of course, is rather less glamorous. Tesco's ambitions, in the shape of fixed asset spending of £110m, ran well ahead last year of what retained profits could finance, even with the help of another £31m shaken out of working capital. Property sales helped to bridge the gap, and will have to continue to do so. Tesco's committed or authorised capital spending now runs to £150m, and although the chairman states that the group's strategy "cannot be deflected because of the vagaries of short-term interest rates" it is also true that there are risks in playing for such high stakes.

Start-up scheme

As originally drafted, the business start-up scheme embodied a Victorian vision of personal capitalism. Rich taxpayer Mr Gradgrind would come across warthy entrepreneur Mr Micawber and, with the tax incentive burning away at the back of his mind, be encouraged to open up his cheque-book. The problem in this more institutional age was how to marry up entrepreneurs with willing taxpayers. Under the changes announced yesterday, the Government has allowed professional investment managers to fill the gap.

The amendments make it simplicity itself for a taxpayer to obtain extremely generous relief for investing in new businesses. He need only turn over his cash to an "approved investment fund," which will be able to spread the commercial risk by backing many new concerns at the same time. The fund manager will not only pick the investments, but bear the brunt of the tiresome toing and froing with the Inland Revenue.

So there is likely to be a surge of investment fund issues to exploit this new territory. One of the leaders will be Electra Investment Trust, which plans to launch a venture capital scheme in the early autumn. This follows the flop of a similar scheme in April. However the £130,000 or so spent on this issue has established Electra's name in the field. The new issue will be planned round the new tax relief, the £10,000 minimum subscription will be lowered, and the money will be called in one tranche rather than two. Stand back for the rush.

Index-linked gilts sold; demand for short tap

By Peter Riddell, Economics Correspondent

THE NEW 25-year index-linked gilt-edged stock was quickly sold out yesterday morning and a sizeable amount of the conventional short-dated tap stock was also sold.

The gilt market remains baffled in the wake both of the failure on Wednesday to sell the whole of the £1bn index-linked stock and of the Bank of England's efforts this week to sustain upward pressure on short-term interest rates.

The sale price for the indexed stock — 2 per cent Treasury 2006 — was much less than expected at £86 per £100 nominal.

Fund managers clearly regarded the 2.9 per cent real-rate of return as attractive, and there was a big initial rush yesterday into the stock which was sold out at a premium of £¾ at £30¾ in its partly paid form. The stock closed at £32 where the yield is 2.7 per cent.

The Government Broker also sold a sizeable amount of the short tap—11½ per cent Treasury 1985—at £91 after cutting the price below the previous level.

Prices of existing gilts picked up a little though they have only recouped part of their earlier losses this week.

The nervousness reflects uncertainty about the trend of both U.S. and UK interest rates. The upward pressure on money market rates in London has been maintained (except at the very short-end) as the Bank sold a large amount of Treasury bills at rates ranging between 11¾ and 12½ per cent.

Petrol prices due to rise by 7p-8p a gallon next week

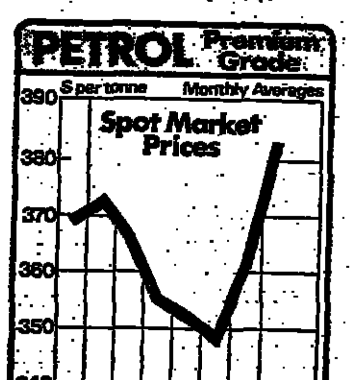
BY SUE CAMERON

THE MAJOR oil companies are preparing to push through a 7p or 8p a gallon increase in the price of petrol next week—taking average charges at the pumps from about £1.56 to at least £1.63.

Pump prices last went up on June 11 by between 6p and 10p a gallon after the companies withdrew subsidies to their dealers.

Shell, Esso and BP Oil say they are being hard hit by the fall of the pound against the dollar and by sharply rising prices on the Rotterdam spot market. During the past six weeks the spot price of petrol has risen by about $40 a tonne to between $380 and $385 a tonne.

The glut of crude on world markets, allied to the fall in demand for all oil products, is forcing the UK majors to run their refineries at 50 to 60 per cent of capacity. A number of refineries—including those operated by BP Oil in Belfast, Northern Ireland and at Llandarcy in South Wales—have been shut down for extended overhauls.



There is now growing speculation in the industry that another major British refinery may be forced to close down permanently. Burmah Oil already plans to shut its Ellesmere Port refinery in Cheshire with the loss of 1,100 jobs.

The Esso group announced this week that it plans to shut one of its four refineries in West Germany because of massive over-capacity and falling demand.

Evidence of the continuing drop in UK demand for oil products came yesterday in figures from the Institute of Petroleum. Demand for oil products fell by 14.7 per cent in the first three months of this year compared to the same period in 1980.

Demand for fuel oil — used to power manufacturing plants — dropped by 23.5 per cent. Demand for petrol dropped 2.5 per cent. Sales of jet fuel, diesel and naphtha — used in the making of petrol and of petrochemicals — also fell sharply.

The present low demand for oil products is keeping refinery throughputs down and preventing the oil companies from producing sufficient quantities of petrol. They are therefore having to make up the shortfall by buying on the spot market where high prices are forcing up their costs.

The companies' costs are also being squeezed by the fall in sterling. Shell estimates that a one cent fall in the strength of the pound against the dollar adds some £10m to its costs — on an annualised basis.

Polish industry will be 'hit hard'

BY CHRISTOPHER BOBINSKI IN WARSAW

MORE THAN a third of Polish industry will be idle by the first quarter of next year, according to figures published yesterday in the official party newspaper Trybuna Luda.

At present, the paper says, 24 per cent of the country's industrial capacity is unused mainly because of this year's drastic drop in coal production and shortages of raw materials and semi-manufactures.

Official Polish Government figures presented to Parliament last month said between 15 and 20 per cent of capacity was idle.

The shut-downs mean a Zl 825bn (£12bn) loss in the value of annual industrial production.

Light industry this year engineering to lose Zl 100bn, stands to lose Zl 100bn, engineering Zl 260bn, and food processing sector Zl 160bn worth of output.

Coal, Poland's main source of energy and the traditional earner of the hard currency needed for imports of raw materials and spare parts, has seen an output fall of 20 per cent this year. This matches the 20 per cent reduction in hours worked by miners since they won the right to a five-day week earlier this year.

The paper says that coal production will rise slightly from an estimated 160m tonnes this year to 175m tonnes in 1982 and 1983. It could go up to 190m tonnes if moners could be persuaded to work a shift system to keep the pits producing for six days a week.

Despite much talk of unemployment, there has been no drop in the labour force to match the fall in output. Some 4.7m people were employed in industry in the first quarter of 1980, the same as in the first three months of this year.

Arrests threat, Page 2

Continued from Page 1

Rioting

occurred, including Merseyside, had a history of bad labour relations that discouraged companies from nitroducing businesses.

Mr Enoch Powell, Ulster Unionist MP for Down South, has infuriated Labour MPs by connecting the riots directly with the presence of large immigrant populations.

On BBC radio he said: "Let us not deceive ourselves when we are faced with a perfectly clear connection of cause and effect which in any other context we would not dream of ignoring."

Mr Roy Hattersley, Shadow Home Secretary, in a speech in Wembley last night called for positive discrimination in favour of young black people in some areas.

Observer

Continued from Page 1

four directors will elect a fifth.

The four named are Sir Geoffrey Cox, a former editor and chief executive of Independent Television News, Dame Rosemary Murray, president of New Hall Cambridge, Mr William Donaldson Clark, a former Downing Street Press adviser and former Observer journalist, and Lord Windlesham, managing director of the ATV Network and a director of Associated Communications Corporation, the television empire headed by Lord Grade.

Sir Geoffrey Cox and Dame Rosemary Murray were the two appointments most acceptable to the journalists. The other two appointments were agreed after lengthy negotiations.

Lonrho had clashed with journalists on composition of The Observer board, over the issue of independent directors. The deadlock was broken at a meeting which began on Wednesday at the Trade Department between Lonrho and the journalists. The meeting finished at 2 am yesterday.

As part of the pact between Lonrho and the journalists Lonrho interests gave a verbal undertaking that journalists' representations would be heard about the question of the appointment of a journalist to the board in the next two or three months.

Last night Mr David Astor, a former editor and proprietor of The Observer, and Lord Goodman, resigned from The Observer board. Both had opposed the Lonrho acquisition vigorously.

Weather

SOME thundery rain in Eastern England and Scotland. Mostly dry elsewhere.

SE England, E. Midlands, Central N and S England
Thundery rain dying out, becoming dry with sunny periods. Max 21C

W Midlands, NW England, N England SW Scotland, SW England, Wales, N Ireland
Sunny periods, cloudy later, some showers. Max 20C

NE England, Borders, Edinburgh, Dundee, Aberdeen
Showers dying out. Max 19C

Highlands, Moray Firth, NE and NW Scotland, Argyll
Isolated showers. Max 17C

Orkney, Shetland
Showers dying out. Sunny periods. Max 15C

Outlook: Mostly dry.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	L. Ang.†	C	19	66
Algiers	C	27	81	Luxmbg.	S	27	81
Amsdm.	F	29	84	Luxor	S	37	99
Athens	F	26	79	Madrid	C	26	79
Bahrain		—	—	Majorca	S	31	88
Barclna.	S	28	82	Malaga	S	32	90
Beirut	S	28	82	Malta	C	28	82
Belfast	S	17	63	M'chstr.	F	21	70
Belgrd.	F	25	77	Melbne.	F	11	52
Berlin	S	28	82	Mx. C.†		—	—
Biarritz	C	19	66	Miami†	F	27	81
Bmghm.	T	22	72	Milan	S	27	81
Blackpl.	C	15	59	Montrl.†	F	25	77
Bordx.	C	22	72	Moscow	F	26	79
Boulgn.	F	21	70	Munich	S	25	77
Bristol	C	18	64	Nairobi	C	21	70
Brussels	S	29	84	Naples	S	27	81
Budpst.	R	18	64	Nassau		—	—
Cairo		—	—	Nwcstl.	R	16	61
Cardiff	C	17	63	N York†	F	28	82
Cas'b'ca	F	22	72	Nice	S	26	79
Cape T.	S	20	68	Nicosia		—	—
Chicg.†	F	26	79	Oporto	F	18	64
Cologne	S	29	84	Oslo	S	23	73
Cpnhgn.	S	22	72	Paris	F	29	84
Corfu	S	29	84	Perth	C	16	61
Denver†	F	16	61	Prague	F	25	77
Dublin	C	18	64	Reykjvk.	C	11	52
Dbrvnk.	F	27	81	Rhodes	S	26	79
Ednbgh.	C	17	63	Rio J'o†		—	—
Faro	S	27	81	Rome	S	27	81
Florence	F	31	88	Salzbrg.	S	26	79
Frankft.	S	29	84	S F'cisco†	F	12	54
Funchal	S	24	75	S. Moritz		—	—
Geneva	S	25	77	Singapr.		—	—
Gibraltar	S	24	75	S'tiago†		—	—
Glasgow	C	19	66	Stckhm.	S	27	81
G'rnsey	C	15	59	Strasbg.	F	28	82
Helsinki	S	23	73	Sydney	S	14	57
H. Kong	F	31	88	Tangier	F	22	72
Innsbrk.	S	27	81	Tel Aviv	F	27	81
Invrnss.	F	18	64	Tenerife	C	18	64
I.o.Man		—	—	Tokyo	F	31	88
Istanbul		—	—	T'ronto†	F	25	77
Jersey	C	16	61	Tunis	F	32	90
Jo'burg		—	—	Valencia	S	27	81
L. Plms.	F	23	73	Venice	S	26	79
Lisbon	F	20	68	Vienna	S	27	81
Locarno		—	—	Warsaw	F	24	75
London	C	24	75	Zurich	F	28	82

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.